Austria Sch 18 | Bahrain Din 0.550 | Belgium Fr 38 | Canada C$2.00 | Cyprus Mils 800 | Denmark Dkr 7.25 | Egypt £E1.00 | Finland Fmk 5.50 | France Fr 6.00 | Germany DM 2.20 | Greece Dr 60 | Hong Kong HK$ 12 | India Rup 15
Indonesia Rp 2500 | Italy L 1200 | Japan Y 550 | Jordan Fils 500 | Kuwait Fils 500 | Lebanon L£ 6.00 | Luxembourg Lfr 38 | Malaysia Ringgit 4.25 | Mexico Pes 360 | Morocco Dh 6.00 | Netherlands Fl 3.50 | Norway Nkr 6.00 | Pakistan Rup 20 | Philippines Pes 20
Portugal Esc 80 | S. Arabia Rls 6.00 | Singapore S$ 4.10 | Spain Pta 100 | Sri Lanka Rup 30 | Sweden Skr 6.50 | Switzerland SFr 2.00 | Taiwan NT$ 65 | Tunisia Din 0.800 | Turkey L 180 | U.A.E. Dh 6.50 | U.S.A. $1.50

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,422 — Friday September 14 1984 — D 8523 B

Israel's strength may be its weakness, Page 8

NEWS SUMMARY

GENERAL

GM puts wage proposals to UAW

General Motors made additional wage proposals to the United Auto Workers Union as negotiations on its three-year wages contract moved into a critical period before the strike deadline at midnight tonight.

After making considerable headway in the tough bargaining over job security, the talks ran into obstacles over union demands for improved guarantees on future employment.

Some negotiators, however, hoped the matter could be resolved before the strike deadline, or that the current contract might be extended sufficiently to bring the talks to a satisfactory conclusion. Page 22

New post for Botha

South Africa's President-elect, P. W. Botha, will be sworn in today in the powerful new executive post and is expected to appoint the country's first non-white government ministers.

Reagan ahead

An important new opinion poll gave President Ronald Reagan a 16 percentage-point lead over his Democratic rival, Mr Walter Mondale. Page 5

Strasbourg demand

The European Parliament called for tighter rules on transporting dangerous materials after the sinking of the French freighter Mont Louis and its nuclear cargo.

India security talks

Security officials held emergency talks in New Delhi after Sikh extremists killed eight Hindus in Punjab state and the political crisis deepened in the southern state of Andhra Pradesh. Page 8

Iraqis sink vessel

Iraqi aircraft sank an oil supply vessel, believed to be on charter to Iran, south of the Kharg Island oil terminal in the Gulf.

Durban six stay put

Six South African political activists hunted by police refused to leave the British consulate in Durban after a deadline for their departure had passed.

Chemical curbs

The West German government plans to restrict the use of formaldehyde in a range of products, after a row with environmentalists on whether the chemical can cause cancer.

UK–Nigeria hopes

Britain and Nigeria agreed to work towards an early improvement in relations, strained since an attempt two months ago to smuggle exiled Nigerian politician Umaru Dikko out of London in a crate.

Elephant picket

Australian circus owners threatened a mass elephant picket of municipal councils that have banned performing animals.

N-cargo lift

Salvage workers lifted the first of 30 containers of nuclear material from the wrecked French freighter Mont Louis.

Football talks fail

Talks between Spain's striking professional footballers and their clubs collapsed after a government mediator ruled that the clubs should not use amateur and junior sides to play matches.

BUSINESS

Wall St surges to close at 1228.25

WALL STREET: The Dow Jones industrial average closed 27.94 up at 1,228.25. Section III

U.S. MONEY SUPPLY: M1 fell $2.1bn to $544.9bn in the week ended September 3.

DOLLAR gained in London to an 11½-year high of DM 3.0390 (DM 2.9970), a 7½-year high of SwFr 2.5120 (SwFr 2.4890), a record level of FFr 9.3150 (FFr 9.1950), and Y245.55 (Y244.90). On Bank of England figures, its trade-weighted index closed at an all-time high of 140.8 (139.9). In New York it closed at DM 3.027, FFr 9.2975, SwFr 2.506 and Y245.4. Page 45

STERLING closed at a record low against the dollar in London, falling 1.2 cents to $1.2660. It rose to DM 3.8500 (DM 3.8350), FFr 11.8075 (FFr 11.7800), SwFr 3.1875 (SwFr 3.1850), but fell to Y311.75 (Y312.50). Its trade-weighted index fell to 77.9 from 78.0. In New York it closed at $1.27. Page 45

LONDON gilts resumed their advance but largely overshadowed equities. The FT Industrial Ordinary index was up 1.2 at 858.8. Section III

TOKYO blue chips were actively sought by investment trust houses pushing the Nikkei Dow market average 45.22 ahead to 10,578.76. Section III

GOLD fell $1¾ on the London bullion market to $337.00. It also fell in Frankfurt to $337.25, and in Zurich to $337.00. In New York, the Comex September settlement was $338.1. Page 44

BANK SUPERVISORS may be in danger of overprotecting banks when they get into trouble, Dr Carlo Azeglio Ciampi, governor of the Bank of Italy, warned a conference. Page 22

SHARP REVIVAL in the UK Government's funding programme helped to keep Britain's money supply well within its target range in August. Sterling M3 rose by 0.7 per cent in the month to mid-August.

HEINEKEN, Dutch brewer, acquired 34 per cent of Internationale Brasserie of Cameroon for Fl 5.7m ($1.69m). Page 23

REUTERS, news and business information company, raised pre-tax profits 14 per cent to £30.1m ($38.5m) for the first six months of 1984. Page 30; Lex, Page 22

SMITHKLINE BECKMAN, big U.S. pharmaceuticals company, is set to buy International Hydon, U.S. manufacturer of contact lenses, for $160m cash. Page 23

GROUP headed by two U.S. investors, Eddie and Julius Trump, is close to winning control of Pay 'n Save, a West Coast drugstores group, after raising their bid to $358m. Page 23

ADELAIDE STEAMSHIP, Australian investment and food group, lifted net profits for the 12 months to June 30 by 27 per cent to A$41.1m ($34.8m) and is raising its dividend by 3 cents a share to 25 cents. Page 23

BHP (Broken Hill Proprietary), Australia's largest company, is seeking to have a $400m royalty payments suit against it heard in Australia rather than in New York. Pag 23

Production difficulties in London may have resulted in typographical errors in unit trusts, some advertisements and elsewhere in today's edition.

Airbus deal with Pan Am may lead to $2bn orders

BY MICHAEL DONNE IN LONDON AND TERRY DODSWORTH IN NEW YORK

AIRBUS INDUSTRIE, the European Airliner manufacturing group, has achieved an important breakthrough into the U.S. market with a deal that might be worth more than $2bn. It has signed with Pan American World Airways a leasing deal, accompanied by a letter of intent and options, for what might amount to an eventual 91 aircraft.

The Pan Am deal, announced in New York and Paris, covers several Airbus types, including the newly launched 150-seat A-320, which is due in service in 1988, for a variety of Pan Am routes in Europe, the U.S., the Caribbean and Latin America. Airbus clinched the deal in the face of tough competition, mainly from Boeing, but also from McDonnell Douglas, both of the U.S.

If the letter of intent and options are converted to firm contracts, as Airbus believes they will be, the deal would be the biggest clinched anywhere by Airbus.

The previous biggest sale comprised 34 A-300 Airbuses to Eastern Airlines some years ago in the U.S. where two smaller carriers, Capitol and Northeastern, also use Airbuses.

Pan Am's decision to go into the Airbus deal is part of its plan to change comprehensively its aircraft procurement policy, which has been based heavily on Boeings, and is a further step in its recovery programme. It has involved a radical revision of its route structure, aircraft sales to raise cash, and an ambitious labour cost-cutting plan.

The Pan Am deal falls into three parts:

- Initially, Pan Am is leasing 12 250-seat, medium-range A-300-B4s and four 220-seat A-310-200s. Some of those are "white-tails" – aircraft already built or under construction for airlines that no longer want them. That will enable Airbus to deliver them to Pan Am later this year and through 1985.
- The letter of intent is for the eventual purchase of 12 A-310-300s (a longer-range version of the A-310-200) and 18 A-320s, worth in total about $1bn, for delivery in the mid to late 1980s.
- The airline has also taken options on another 13 A-310-300s and another 34 A-320s, worth at least another $1bn, for delivery as and when the airline needs the aircraft, probably in the later 1980s and beyond.

The letter of intent and the subsequent options are still subject to detailed negotiation with Pan Am and detailed financial arrangements also still have to be settled, through "normal commercial channels."

Although the letter of intent and the options do not constitute an order, Airbus is confident that Pan Am will eventually convert both into firm contracts.

Pan American will use the A-310s and A-320s on its short-to-medium range routes, including the internal West German services including flights to Berlin, as well as on its Caribbean network.

The deal secures the future of Airbus Industrie in the big and potentially lucrative North American market.

Hitherto, apart from the Eastern Airlines, Capitol and Northeastern orders, all Airbus sales so far – 406 aircraft for 48 operators – have been in the European or Third World markets, where Airbus has established a dominant position

Continued on Page 22
Navigating through a tough market, Page 6

Brazil relaxes imports to meet IMF targets

BY ANDREW WHITLEY IN RIO DE JANEIRO

THE Brazilian Government is to relax some of its tough import controls as part of new policy measures designed to bring the country's inflation-troubled economy into line with targets set by the International Monetary Fund (IMF).

Devised by the National Monetary Council, the new measures also include a raising of bank reserve requirements and the unexpected phasing out of an export incentive scheme which has long been criticised by the U.S. and the General Agreement on Tariffs and Trade (Gatt).

Soon after the package's adoption came an official forecast yesterday that Brazil will show real economic growth this year for the first time since 1980. According to IBGE, the official statistics institution, gross domestic product is set to grow in real terms this year by 2.5 per cent. Industrial output, meanwhile, should rise by an impressive 7.9 per cent after declining by that amount last year.

The reforms follow last month's draft agreement between Brazil and the IMF on a revised letter of intent and they will be given close scrutiny by the IMF board shortly when it meets to consider the latest Brazilian adjustment programme.

In an effort to stimulate imports, the Government is finally putting into effect a number of old promises to its creditors. Those include the elimination of tariff surcharges, reduction of import financing terms, and the halving of a list of 4,000 banned products.

The IMF and the World Bank have been urging Brazil for years to liberalise its foreign trade, but had met scepticism over the likely efficacy of such measures. Government officials have said several times recently that they were helpless in the face of declining domestic demand for imported goods.

One unexpected policy switch is a decision to eliminate over the next nine months the country's controversial export "credit-premium" scheme – the object of long-standing criticism from the U.S. and the GATT. The IPI credit-premium, as it is known, will be eliminated in stages from its present level of 11 per cent by next May.

The tax break scheme was due to expire next April after having been extended by two years. But Brazil's foreign trade chief had recently been campaigning for it to be extended beyond the deadline. The policy reversal comes on the eve of an important meeting this weekend in Rio of trade ministers from 16 Gatt member-countries.

Among the other measures announced on Wednesday night were the raising of compulsory reserve requirements on bank term deposits from 10 to 22 per cent and the freezing with limited exceptions of local withdrawals of foreign currency deposits in the central bank up to the end of the year.

IMF silent over Argentine debt, Page 5

High dollar should not threaten W. German economy, says Pöhl

BY JOHN DAVIES IN FRANKFURT

WEST GERMANY can live with the present high U.S. dollar exchange rate as long as it does not upset price stability, according to Herr Karl Otto Pöhl, president of the Bundesbank.

Herr Karl Otto Pöhl

The central bank head told businessmen in Emden that the dollar rate was inappropriate according to classical standards. It was possible to live with it, however, he said, as long as there were no ill effects on the price stability now achieved in West Germany, where inflation is running at less than 2 per cent.

Some concern has been expressed in West Germany that the high dollar may refuel inflation by adding to the costs of goods, particularly raw materials, bought for dollars. However, the threat is not viewed as particularly serious, especially with other factors tending to keep inflation low.

There has therefore been little pressure for the Bundesbank to seek to moderate the dollar's rise by raising official interest rates.

Herr Pöhl expressed concern that the high U.S. dollar rate was inhibiting some investment decisions. On the other hand, he pointed out that the West German economy was receiving a stimulus from exports, which were benefiting from the high dollar.

He saw the possibility of lower interest rates in the U.S. but said a lot depended on whether U.S. inflation could be kept under control.

He said it was important for West Germany that the U.S. boom should end up with a "soft landing." There were encouraging signs, he said, that the U.S. economy could make the transition to sustained growth without overheating.

Herr Pöhl said he had the impression that the West German economy had gathered momentum again after the labour conflict in May and June over shorter working hours. However, gross national product would not grow as much as had been expected.

British Steel rejects port peace proposal

By Brian Groom and Mark Meredith

HOPES OF an early end to Britain's three-week national dock strike were in jeopardy last night after the British Steel Corporation refused to accept the terms of a local peace agreement between Scottish dockers and steel workers.

Efforts were under way to revive the initiative, but too many issues were outstanding to make it likely that the docks and waterways committee of the Transport and General Workers' Union would recommend an end to the strike at a meeting in London today.

The outline deal was reached in late-night talks in Scotland on Wednesday between representatives of the TGWU and the Iron and Steel Trades Confederation.

Mr John Prescott, who attended the talks, was instrumental in bringing the parties together and announced the prospective settlement publicly yesterday.

The union agreed on a quota of 18,000 tonnes of coal a week to be delivered by rail to Ravenscraig steelworks near Glasgow – the issue at the heart of the dispute. That would last for an initial four-week period, and the figure would be reviewed at the end of the third week.

The formula was envisaged as paving the way for the steelmen to be seen to be offering their support to the Trade Union Congress and its backing for the miners' strike. The steel unions have consistently refused to accept any limitation in steel production at Ravenscraig or at Llanwern in Wales.

The proposal appeared to stumble after a subsequent series of talks in Glasgow between the dockers, represented by the TGWU, BSC and the Clyde Port Authority.

BSC said later the talks had been adjourned for "clarification" of certain matters. However, it insisted that it needed 22,500 tonnes of coking coal a week at Ravenscraig.

"We are unable to get assurances from the TGWU that this requirement would be acceptable to them," BSC said.

The statement added: "The steel industry cannot operate on a hand-to-mouth basis and the present situation and BSC's experience of failed agreements, make these buffer stocks essential to safeguard the plant from damage."

The BSC statement indicated a difference of opinion between it and the steel unions, which so far have been united in resisting any attempts to stop production.

Background, Page 12

Israel braced for severe austerity plan

BY DAVID LENNON IN TEL AVIV

ISRAEL is braced for a tough austerity programme after Prime Minister Shimon Peres' presentation of the new national unity Government to parliament yesterday after weeks of political uncertainty.

Mr Peres told the Knesset Israel's economic crisis must be tackled immediately by the new Government.

He called on King Hussein of Jordan and the other Arab leaders to enter into peace negotiations with Israel. He did not, however, accompany this invitation with any specific suggestions for resolving the decades-old dispute.

"Jordan will be able to make its own proposals and the new unity government will discuss these proposals in all seriousness," Mr Peres told the Knesset, "but Jordan will have to know that it in turn will have to consider proposals that will come from us."

He emphasised that his government would also seek to improve relations with Egypt, which withdrew its ambassador from Tel Aviv shortly after the Israeli invasion of Lebanon in 1982.

Mr Peres did not try to hide the differences that divide the Labour and Likud parties, the main components of the unity coalition that embraces 97 of the 120 members of parliament, which he bluntly described as a "government of disagreement."

The Labour Party leader, who is to serve as Prime Minister for the next two years, warned that it would be necessary to work hard to reach agreement within the Cabinet and success would depend on political goodwill.

Mr Yitzhak Shamir, the former Likud Prime Minister who served as Foreign Minister until he changed places with Mr Peres in 1986, said the indecisive result of the July general elections "left us with no option but to establish a unity government based on the two main political parties."

Despite the difficulties in establishing the government, he said he was confident it would prove to be "an efficient and fruitful coalition."

Mr Yitzhak Modai, the new Finance Minister, said yesterday that there was "an urgent need to change the direction of the economy." He listed as his priority tasks the battle to slow the rise in inflation, to reduce the balance of payments deficit and to halt the drain in foreign currency reserves.

Cabinet strings may be weakness, Page 8

Talks continue in UK coal strike

BY JOHN LLOYD, INDUSTRIAL EDITOR, IN SHEFFIELD

TALKS to try to settle Britain's national coal dispute will re-open today, but with little sign that progress has been made on the basic issue of the closure of uneconomic pits.

The present round of talks – the first between the National Coal Board (NCB) and the National Union of Mineworkers (NUM) since July – began at the start of this week but there has been no apparent success at bridging the gulf of principle between the sides.

The board is sticking firmly to its belief in the need to close pits that make heavy losses, while the union will not concede that pits should be closed unless they are exhausted of coal or for geological reasons.

The NUM's position was given further encouragement yesterday by the decision of the Midlands executive of the pit supervisors' union Nacods to support the call of its national executive for strike action. It agreed to "campaign vigorously" for a majority to strike in a ballot to be held by the union over the next fortnight.

The Midlands area includes such coalfields as Nottinghamshire and Staffordshire, where most miners have continued to work during the six-month-old dispute. It was seen as a potential area of revolt within Nacods.

The NCB fears that if there is a strike – which was called over a board directive that the pit supervisors must cross NUM picket lines or lose pay – many pits could close for good through deterioration.

Power unions will meet on Monday to discuss giving support to the miners. But the likelihood is that the electricians and the power engineers will refuse to agree to any more than token support.

Continued on Page 22

CONTENTS

Belgium takes action to lower the cost of its foreign debt

BY PAUL CHEESERIGHT IN BRUSSELS

THE Belgian Government is about to take a further step towards reducing the cost of financing its foreign debt by issuing a 20 years floating rate note for $400m.

The signing takes place in the context of the Government's aim to consolidate as much as possible of its short and medium term foreign currency debt.

"From the Treasury viewpoint, consolidation is a good deal," said Mr Willy de Clercq, the Minister of Finance, in an interview. "In that way, the burden of interest payments is diminished and the obligations are rescheduled."

The technical measures accompany austerity programmes designed to reduce the level of government spending. But the whole question is highly charged politically: servicing the total official debt next year will mop up the savings which the Government expects from economy measures taken last March.

The size of the debt has kept on growing, although latterly not as fast as the rate of inflation.

"We're stabilised the haemorrhaging, we've stopped the expenditure explosion and the explosion of public debt. We have expenditure under control," claimed Mr de Clercq.

By the end of July, total government debt had reached BFr 4,178.8bn (£54.2bn) up BFr 452.8bn (£5.8bn) from the end of last year. Of the total, BFr 976.2bn was in foreign currency, compared with BFr 823.9 at the end of 1983, BFr 642.4 at the end of 1982 and nothing at all in 1975.

Mr Willy de Clerq: "consolidation is a good deal"

So far, the Government in a series of deals has managed to consolidate BFr 581.3bn of the foreign currency debt, but it has short and medium debt outstanding of BFr 394.9bn.

The present Government has sought to concentrate its borrowing on thedomestic market. "Last year, 75 per cent of the increase in the debt was financed by the domestic market. This year it will be less favourable," said Mr de Clercq.

High levels of liquidity in Belgium have allowed the Government to build up the domestic component of the debt. T he latest commercial bank reports have all noted an increasing sum going into government bonds.

But foreign lenders have looked sympathetically at Belgium, too. Mr de Clercq noted that the Government had been able to negotiate tight margins. He quoted as an example one-eighth over Libor for a loan raised in the spring. This is the same rate as the new loan which is lead managed by Credit Suisse and First Boston. "We're getting better conditions than the Scandinavian countries," he added.

In per capita terms, however, Belgium has the heaviest national debt problem of all countries in the European Community after Ireland. This year the net financial defisit will equal 11.5 per cent of gross national product. The aim is to have that down to 7 per cent by 1987.

By then, Mr de Clercq will be watching from the sidelines. Next January he becomes e European Commissioner.

David Housego examines the first budget of France's new Finance Minister

Beregovoy's debut wins scant applause

FOR M Pierre Beregovoy, it was a first night that fell flat. The political goal of his first budget as Minister of Finance was to win for the Socialists the credit of being the only government in 14 years to reduce the overoll burden of tax and social security contributions.

Instead, the main impression on a great many Frenchmen of Wednesday's budget came from the new increase in petrol taxes, which followed other recent rises in taxation on both petrol and the telephone.

The Communist daily newspaper L'Humanite—now increasingly critical of the Government—bad no difficulty in calling it an austerity budget. It took the view that the tax cuts would in any case beneflt more the middle class households that Prime Minister Laurent Fabius's centrist administration is now trying to woo.

At the other extreme, the right-wing Le Figaro, also emphasising austerity in its headlines, claimed that the Government was taking back in indirect taxation what it was giving away in direct taxes.

In fact, the charge is unfair in that the 1 per cent drop in the tax burden expressed as a percentage of GNP which bte budget embodies includes the new increase in petrol duties.

The budget leaves two main questions. The first is whether M Beregovoy has judged correctly the action necessary to maintain economic activity in e pre-election year, while preventing any deterioration in France's external accounts. The answer must be that he is skating on thin ice.

ECONOMIC ASSUMPTIONS OF THE 1985 BUDGET
% increases in real terms

	1983	1984	1985
GNP	1.0	1.3	1.8
GDP	0.9	1.3	2.0
Imports in volume	−3.1	3.0	2.6
Household consumption	0.9	0.8	1.5
Industrial investment	−4.0	1.1	2.5
Exports in volume	2.3	4.7	4.1
WAGES AND PRICES			
Consumer prices			
12-month rate	9.3	6.7	4.5
Year against year rate	9.6	7.6	5.2
Purchasing power			
Average wage increases	0.8	0	0
Social allowances	—	2.5	2.2
Real disposable income	−0.3	0.2	1.6
BALANCE OF PAYMENTS			
Trade balance (FFr bn)	−49.0	−33.0	2.0

Source: Budget documents

The second qnestion is wbether in practice be can pull off the elmost impossible trick of cutting the tax burden while maintaining tbe budget deficit at the 3 per cent of GNP ceiling set by President Francois Mitterrand. The answer to that is thet the Left cannot be seen to fail on an issue on which M Mitterrand has pledged his reputation without putting a knife into its electoral chances in th 1986 legislotive elections.

But success means that the Government cannot afford any slippage over expenditure and —most important of all—over the level of wage increases next year. The budget assumes that teachers and public sector employees will have no rise et all in real terms.

On the macroeconomic side, M Beregovoy's starting point in judging what economic dose to prescribe was that the achievement of the Government's anti-inflationary goals has of late looked a lot more fragile than it did six months ago.

Tbe cumulative trade deficit has widened in tbe first seven months to FFr 23bn (£1.95bn) against an initial target for the year of FFr 7bn—leter revised to FFr 25bn. The Government now expects a 1984 current account deficit of FFr 20bn against its early forecast of being in balance this year.

France's inflation gap with her main trading partners, which had been steadily closing nntil May, has widened since. The inflation rate for the year is expected to be almost 7 per cent compared with a target of 5 per cent.

The budget deficit has edged up from 3.3 per cent as a proportion of GNP last year to an expected 3.5 per cent by the end of this yeer. The rate of monetary expansion (M2) is now well at the upper end of (ond probably over) the Government's tigbt norms of 5.5-6.5 per cent by the end of the year.

Since taking over from M Jacques Delors as Minister of Finance in July, M Beregovoy has tightened the screw both by raising indirect taxes and by further trimming expenditure.

The dramatic slow down in public spendingin 1985—one of the tigbtest squeezes on expenditure since the war — emerges most vividly from the accompanying graph showing the outlays of all the public administrations (the state, local outhorities and the social security fund).

This was not what M Beregovoy had in mind when he arrived at Finance os an apostle of higher growth to boost employment. Hc appears to have been overruled by M Fabius.

As it bas emerged, the 1985 budget is broadly neutral in its mocroeconomic effects, the defiatiooary pressure exerted by the curb on expenditure being offset by the stimulus to demand provided oby the tax cuts. These will help boost real disposable household income by 1.6 per cent next yeor.

The risk of the strategy is that the potential increase in consumer demand, coupled with the expected increase in investment, will spill over into a sbarper than expected boost to imports. The impact on the trade deficit would be worse if there were no substantial pick-up in exports.

The flattening of export growth in the first half of the year and the widening trade deficit with France's European partners have already revived speculation of a fresh devalnation of the franc to restore French industry's competitive edge.

At any rate, the fragile success of the Government's anti-inflationary programme leaves M Beregovoy no room to provide an additional stimulus over the next year. The only real policy option open to him is e further deflationary squeeze thus leaving more oportunity to boost activity in the six months before the legislative elections in early 1986.

The same pressures to maintain a tight grip are at work in the juggling act of achieving a real 1 per cent decline in the tax burden next year. The key assumption behind the Government's belief that it can fulfil this pledge in practice is that there will be no increase in social security contributions next year.

But if salary rises go beyond the planned 5.2 per cent, this would trigger off an increase in social security contributions. At that point, the Government's hope of reducing the tax burden and fulfilling its anti-inflationary targets will fail apart. A lot thus depends in the coming months on the Government and the private sector holding the line on wages.

The clampdown on wages is the main reason why the Government decided against further relief to industry. It believes that company margins will be increased by lower salary costs and falling interest rates. It is counting on these factors—together with a cut in corporate tax—to boost investment. But a sizeable part of the budget savings are also coming from a cut in state aid to the private sector.

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Governments of 10 nations reaffirm pact on motorway

BY CHRISTOPHER BOBINSKI IN WARSAW

TEN GOVERNMENTS from East and Western Europe participating in the construction of 10,000 km of motorway linking Poland with Turkey have reaffirmed their continued interest in co-operating on the scheme at a three-day meeting in Warsaw.

After seven years' work, 2,000 km of the Trans-European North-South Motorway (TEM) originally budgeted in 1978 to cost $20bn, have been completed.

Another 2,000 km are now under construction while 2,000 km have been completely designed according to Mr Jean Duquesne, head of the transport division of the Geneva-based Economic Commission for Europe (ECE) which is supervising the project.

For Mr Duquesne, renewed commitment to co-operate on the project is "an act of faith" in the future of East-West trade at a time of mutual tension between the blocs.

At this week's meeting, the United Nations Development Programme (UNDP) renewed its commitment to the project for another two years.

The UNDP has been supervising the TEM with the ECE since 1978.

The individual governments have also declared increased funds for the joint supervision work, and the TEM steering committee meeting also saw governments agreeing to work closer together with ECE guidance on raising finance for the construction work.

The committee is also seeking to standardise the operation of the motorway along its entire length in such areas as customs controls and formalities, basic designs for customs buildings and transit regulations.

The original target date of 1990 for the project will not be fulfilled, however.

Reuter from Athens: The United Nations Economic Commission for Europe decided yesterday to set up centres in Spain and Greece to try to co-ordinate national road rules and trading standards in East and West Europe.

The two centres will be used to monitor and solve problems such as divergences among national road rules and trading standards, a commission said after a two-day meeting in Athens.

The largest of five UN regional commissions, the Economic Commission for Europe includes members from East and West. Vice-chairman Athanassios Petropoulos of Greece said it was hoped that rules could be harmonised and the quality of life made better in Eastern and Western Europe.

The commission would meet again in Salonika next month to further discuss the centres.

He said the commission also wanted an intra-European agreement on cross-border environmental pollution, including acid rain.

Spanish budget geared to Pta 1.4bn deficit

BY DAVID WHITE IN MADRID

SPAIN'S BUDGET for next year will be geared to a deficit of Pta 1,440bn ($8.5bn), a record in peseta terms but a smaller burden on the economy, according to an outline plan approved by the Cabinet this week.

Sr Eduardo Sotillos, the chief government spokesman, said the cornerstone of budget discussions was to bring the deficit as a share of gross domestic product down to 5 per cent in 1985.

That compares with 5.5 per cent set in the Government's initial plan for this year, its first full annual budget, and a 6 per cent level inherited when it took over in late 1982.

The planned deficit compares with one of Pta 330bn initially projected for 1984. The difference of about 8 per cent matches the official inflation target this year.

Expenditure is due to rise by 14 per cent above the original 1984 plan, to Pta 6,125bn and revenue, boosted by measures against tax evasion, by 16 per cent to Pta 4,725bn.

The budget outline was expected to be put on the negotiating table when talks resumed yesterday evening between representatives of government, unions and employers on a wide-ranging pact for 1985 and 1986.

Time is, however, running short, since the Cabinet has to put the finishing touches to the budget next week, in order to meet the September 30 deadline for presenting its completed draft to parliament.

The talks have shown up a wide discrepancy on public spending, with the employers insisting on further restraint

Turkey offer stake in state companies

ISTANBUL—The Turkish Government announced yesterday that it will sell to private investors "certificates of revenue partnership in utilities and other state-run industries.

The certificates will be able to be traded as ordinary shares or bonds and will give a share in the revenues of state enterprises. The move is in line with a law passed by Parliament early this year.

Businessmen said the enterprises involved are likely to be the 40 biggest state concerns. They expect the first to include Sumerbank, the textile producer, the Post Office and the railways.

The Government is setting up a fund, to be run by a special commission, which will collect the revenues of the enterprises in which certificates are sold and determine the return to certificate holders.

The rate of inflation will be taken into account in determining the annual rate of return.

The commission will also decide on the price of goods and services produced by state enterprises in order to ensure a steady return to the certificate holders, the Government said.

Reuter

Moscow sends reassuring signals to U.S.

By David Buchan

THE SOVIET UNION has gone to unusual lengths to assure the U.S. that civilian party rule remains intact in Moscow by apparently informing it that Marshal Nikolai Ogarkov was dismissed last week as chief of staff for "unpartylike tendencies."

According to yesterday's New York Times, a senior Soviet diplomat made this comment to Reagan administration officials, though the newspaper did not reveal who the Soviet diplomat was or its U.S. source.

The implication is that Moscow feels that foreign countries, in particular the U.S., will want to be reassured that military men, with "Bonapartist" or possibly hardline inclinations, are being kept in check.

Mr Andrei Gromyko, the Soviet Foreign Minister, is to meet President Ronald Reagan on September 28, the first politburo member to do so.

The first sign of a link between the mysterious Ogarkov affair and at least partial re-opening of dialogue with the U.S. came earlier this week, when Marshal Sergei Akhromeyev, the new chief of staff, was briefly interviewed on U.S. television.

Marshal Akhromeyev then described his appointment as "just a regular change," a rather different interpretation than the one now apparently given the Reagan Administration. However, the intent seemed to be the same: to reassure the U.S. that the top Soviet military reshuffle was if anything a step forward, not a setback, for superpower dialogue.

British Gas near accord on East Frigg

By David Lawson

THE BRITISH Gas Corporation is nearing an agreement to buy £1bn worth of gas from Norway's East Frigg field.

Negotiations between the Corporation a consortium of oil companies led by Elf Aquitaine come at a time when British Gas attempts to buy £20bn of gas from Norway's Sleipner field has been frustrated by government disagreements.

A smoother patch is expected for the East Frigg deal. British Gas is likely to pay a similar price—about 24p per therm—as it does for supplies from the Norwegian part of the Frigg field. East Frigg is essentially a satellite of Frigg, which delivers about a third of the UK's natural gas supplies.

East Frigg contains about 350bn cubic feet of gas. Construction is expected to start in 1986, and production in late 1988. Gas will be piped about 18km to the Frigg complex.

The much larger Sleipner deal is being held up chiefly because the British Government is insisting on landing the associated gas liquids at Orkney, via a UK-owned pipeline, rather than at Teesside via the Ekofisk pipeline.

This dispute is under discussion by officials of both countries, but no ministerial meetings have been scheduled. British Gas and Statoil, Sleipner's operator, meanwhile, have been prevented from finalising their own agreement which relates only to the dry gas.

MEPs soften line on UK rebate

BY QUENTIN PEEL IN STRASBOURG

THE CHAIRMAN of the European Parliament's budget committee yesterday promised to "consider favourably" any formal request for the release of Britain's 1983 budget rebate—once the Council of Ministers agrees a supplementary budget for the current year.

M Jeane-Pierre Cot's formal statement to the Parliament was the most positive yet in favour of releasing the Ecu 750m (£450m) rebate, but stopped short of giving any firm guarantee of payment. He insisted that the Parliament was not trying to block any budget deal, but equally spelt out the determination of MEPs to preserve their powers over the EEC budget.

The budget committee, he said, recognised the progress made by budget ministers towards an agreement, but was bound by Parliament's decision in July to withhold payment until the 1984 supplementary budget had been agreed.

The budget ministers have agreed provisionally to find an extra Ecu 1bn towards extra farm spending this year, although that sum is still far short of the Ecu 1.8bn asked for by the European Commission. However, final agreement even on the Ecu 1bn still depends on Britain being satisfied with a whole package of measures to ensure long-term control of farm spending and to increase the EEC's revenues from the end of 1985.

Parliament could yet reject that budget deal if it decides that the Ecu 1bn does not meet the budget deficit, as argued by the Commission. It also voted yesterday in favour of a move to finance the 1984 and expected 1985 budget deficits as part of one combined package, rather than as two separate deals as proposed by the Commission.

THE IRISH attorney-general, Mr Peter Sutherland, has been nominated as the country's next EEC commissioner. Mr Sutherland, 38, replaces Mr Richard Burke, like Mr Sutherland a member of the Fine Gael, but whose acceptance of the nomination by the then Fianna Fail government over two years ago provoked a furious row in the party.

Mr Sutherland is a member of both the Irish and English bars and has been involved in some of the cases which led to the extradition of terrorist suspects from the republic to Northern Ireland.

His political experience is limited but the Irish hope he might get a portfolio in an area such as competition policy, while his Spanish connections (he is married to a Spaniard and speaks the language fluently) could qualify him for a role in Spain's expected entry to the Community.

D-Mark's share in Ecu to be decreased

BY PHILIP STEPHENS

EUROPEAN COMMUNITY officials yesterday confirmed that Finance Ministers of the Ten are expected to agree changes in the composition of the European currency unit (Ecu) in talks in Ireland this weekend.

The changes will increase the share of traditionally weaker curencies such as the French franc and Italian lira in the Ecu currency basket at the expense of the Deutsche mark and Dutch guilder, and bring in the Greek drachma for the first time.

The new weights of each currency agreed by officials and expected to be confirmed by the ministers are believed to be as follows, with the existing shares in brackets: D-Mark 32 per cent (37); French franc 19 per cent (16.7); sterling 15 (15); Dutch guilder 10.1 (11.3); Italian lira 10.2 per cent (7.8); Belgian/Luxembourg francs 8.5 per cent (8.5); Danish kroner 2.7 per cent (2.7); Irish punt 1.2 per cent (1); Greek drachma 1.3 per cent (0).

News of the changes was greeted fairly calmly yesterday by investors in Ecu bonds, although banks reported small losses for some issues.

The banks believe that diluting the stronger currency component of the Ecu in favour of generally weaker currencies will reduce marginally the attractiveness of Ecu bonds. This could lead to some increase in the interest rate on the bonds, but banks were yesterday predicting that such a rise might be as low as ¼ of a percentage point.

Capital duty exemptions to be introduced

BY PAUL CHEESERIGHT IN BRUSSELS

THE EUROPEAN Community is planning to eliminate or reduce an indirect tax on the raising of capital, known as capital duty.

The Commission yesterday published a draft directive which, it said, had the approval of the Ten. When adopted, the directive will permit a broad range of exemptions from the present common capital duty of 1 per cent, or 0.5 per cent in the case of company mergers.

The aim of the directive is to remove a tax which is a possible deterrent to investment while being of marginal importance to the governments as a revenue-raiser.

All the Ten raise capital duties in one form or another. But, on the basis of 1981 figures, the latest available, in no case does the revenue raised from capital duty go above 0.88 per cent of the total funds, including social security contributions, raised by governments.

The Commission would have liked to abolish capital duty completely in line with a European Parliament resolution of 1983.

But objections to revenue losses has led to a compromise. This includes:

- Exempting from duty those transactions, such as mergers, on which the reduced rate is levied and those on which the common rate is optional, such as a takeover of 75 per cent of a company's equity.
- Permitting the continuation of the duty at a rate of no more than 1 per cent on transactions already taxed, such as the capitalisation of profits.
- Total exemption on transactions involving public service or cultural objectives.

Widespread power cuts in Irish dispute

By Brendan Keenan in Dublin

POWER CUTS affecting one-third of Ireland's electricity consumers were imposed yesterday after power station workers picketed several large generating plants. There were also warnings of widespread industrial lay-offs if the dispute continues for any length of time.

The wrangle, over attempts by the Irish Electricity Supply Board to rationalise staffing, has become bitter after the Board revealed that some workers involved earn up to I£28,00 (£22,750) in pay and overtime. Their union retorted angrily that the dispute was not about overtime but about the suspension of workers after they refused to agree to new shifts.

The dispute nevertheless is widely seen as an attempt to protect high overtime earnings. Other workers have so far refused to cross the picket lines but this solidarity may reflect fear of long-term attempts to shed more than 1,000 jobs in the industry.

Ireland will have almost double the generating capacity it needs when the latest coal-fired plant comes on stream. Several older stations will have to be mothballed.

Special efforts are being made to keep heavy industrial users in production, particularly the Alcan smelter at Shannon and the Irish Steel plant in Cork.

The Confederation of Irish Industry also warned that some companies would have to close down if supplies are interrupted.

AMERICAN NEWS

Argentine debt decision delayed by IMF silence

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT IN LONDON

LACK OF guidance from the International Monetary Fund (IMF) on the state of its negotiations with Argentina was last night holding up a response from commercial bank creditors oa that country's request to delay a $750m debt repayment due tomorrow.

After two days of talks the IMF had yesterday given no indication to the banks of what progress had been made in the talks and bankers said it was unlikely to do so today.

The silence of the Washington-based IMF has not only injected a note of caution on Argentine claims that final agreement on a letter of intent was imminent, it has also made it much barder for the advisory committee of leading bank creditors, which is chaired by Citibank, to decide how to react to Argentiaa's request.

Normally the banks only take decisions on request for special assistance from the debtors after consultation with the IMF, but as the payment deadline loomed they appeared to be locked once more into another round of brinkmanship with the government of President Raul Alfonsin.

As of a result a decision on the request may not actually be taken until the deadline expires at the weekend.

Jimmy Burns writes from Mar del Plata: Presideat Alfonsin opened a Latin American ministerial meeting here yesterday with a call for countries to move beyond words towards concrete action to resolve the region's debt problems but in a spirit of dialogue rather than confroatation.

"Unity is not confrontation... Our unity, the one that we are capable of achieving, means making more concrete what until now has shown itself only as a potential capacity for negotiation," Sr Alfonsin said at the opening of a two day meeting of foreign and economy ministers from 11 countries in this tourist resort on the Atlantic coast of Argentina.

The Argentine president displayed his powers of delivery, dexterously manoeuvring between impassioned pleas for greater regional solidarity and boldness in tackling the debt issue, and a recognition that any future move would bave to take into account the individual conditions of each country.

Delegates attending two days of preparatory talks believe that the Argentine president came close to broadly reconciling some divergent views at a conference which on Friday night is expected to issue a fiaal communiue.

Thus the oaly coacrete proposal made by Sr Alfonsin was a renewed plea for a North-South dialogue to tackle the regioa's debt problem at the highest political level.

"It is useless to restrict oneself to loan contracts or to pretend that the question of the debt can be tackled exclusively by creditor banks and debtor countries when what is in play is the survival of e civilisation, of a way of life... There is thus a need for a massive intervention of public powers, Sr Alfonsin said.

This appeared to imply a meeting between the region and Western governments but it fell abort of the word "summit" and left open the specific framework of timing of such an encounter for further discussion by the ministers.

Reuter reports from Washington: The U.S. Treasury said today it will not join any special summit of debtor and creditor countries, but is willing to coatinue dialogue on economic issues in established international committees.

Western diplomats said yesterday that support was growing for an unprecedented meeting between industrial creditor nations and Third World debtor countries on the international debt crisis.

They said the dialogue might eventually take place in the World Bank development committee.

Pinochet warned by Church

By Mary Helen Spooner in Santiago

RELATIONS BETWEEN Chile's Roman Catholic Church and the regime of Gen Augusto Pinochet – already strained – have deteriorated in the past few days as a result of the authorities' increasingly repressive reaction to popular protest. The protests themselves bave continued sporadically, especially in the poor neighbourhoods of the capital, Santiago.

The Chilean Bishops' Conference has urged all sides to negotiate their differences peacefully, but this week warned bleakly that "there is e risk of confrontation with grave consequences of bloodshed."

At least two bishops have announced they will not hold the traditioaal Te Deum Mass aext week on the occasion of Chile's Independence Day, saying that in view of events this month, which included the death of a French missionary, there was little reason to celebrate.

The missionary, Fr Andre Jarlan, was killed last week wben bullets perforated the walls of his bome in a poor suburb of Santiago during a protest demonstration.

The Archbishop's office has filed a criminal complaint against whoever is eventually deemed guilty of Fr Jarlan's death and the Church is pursuing an independent inquiry.

Reagan 16 points ahead of Mondale in poll

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

A MAJOR new opinioa poll yesterday gave President Ronald Reagan a 16 percentage point lead over Mr Walter Mondale, the underdog Democratic challenger for the White House in November's U.S. elections.

The poll came as the two contenders continued to exchange sharp volleys over taxes and the federal budget deficit, with each accusing the other of barbouring plans that would hurt the average American family and wreck the economic recovery.

Meanwhile, Ms Geraldine Ferraro, the Democratic vice-presidential candidate, said that sbe was oot surprised by Wednesday's decision by the House of Representatives ethics committee to investigate ber past financial disclosures to congress. Following an official complaint by a conservative Washingtoa Lawyers' group, the committee was "virtually obligeted" to do so, she said.

The Justice Department yesterday declined to comment on a report thet it was also investigeting Ms Ferraro's finances in a routine preliminary examination of whether she might have violated any federal law.

Mr Mondale said that be had "every confidence that the House ethics committee will reach the same conclusion that the American people and I bave reached: Geraldine Ferraro is an honest, decent public servant worthy of the people's trust."

The Washinton Post-ABC News poll sbowed Mr Reagan leading Mr Mondale by 56 to 40 per cent among registered voters, with 4 per cent undecided. That is a gain of nine points for Mr Reagan since just before the Democratic conveation in July, whea a similar poll showed Mr Reagan ahead by 51 to 44 per cent.

The current 16 point lead shown by the poll is in line with other recent nationwide surveys, ia which Mr Reagan's lead has ranged from 15 to as many as 22 points.

The pollsters said that Mr Reagan was doing well on basic bread-and-butter issues affecting average voters and was being stroogly aided by Mr Mondale's inability so far to project himself as a leader. Mr Reagan was ahead in every region of the couotry, among women as well as men and among voters of ell ages, yesterday's poll said.

Mr Mondale accused Mr Reagan of "stonewalling the American people" and said that the President was planning deep cuts in social spending and a national sales tax after election day.

Mr Reagan countered that Mr Moadale "coatends that working Americans wouldn't be hurt by his tax increases. That's a fairy tale."

Mr Mondale's budget plan, anoounced on Monday, would also "stifle economic growth," Mr Reagan told a campaign rally in Buffalo, New York.

Continuing his campaign in Tennessee yesterday, Mr Reagan said that income taxes should be made more fair and reduced, not raised. "The main difference between ourselves and the other side is this: we see an America where every day is the Fourth of July, (independence day) they see an America where every day is April 15:" (the annual deadline for filing income tax returns).

Mr Moadale cbarged that if re-elected, Mr Reagan would propose the same kind of cuts thet Congress did not pass in his first term, including a $80bn cut in social security benefits, reductions in bealth care schemes and cuts in the school lunch programme. "The cuts he wanted were cruel and uncaring and mean to people in trouble in this country," be said.

In bis Tennessee speech yesterday, Mr Reagan said that government should encourage research and development and hinted at the possible easing of some anti-trust laws

Arms talks 'could resume'

WASHINGTON – President Reagan's natioaal security adviser said yesterday he expected arms talks with the Soviet Union could be resumed before too long.

Robert McFarlane said ia a television interview it was premature to expect Mr Reagan to put new proposals on the table wbea he meets Soviet Foreign Minister Andrei Gromyko at the White House on September 28, but he expected that talks on both offensive and defensive weapons "can be renewed before too long."

Asked about speculation that Moscow might offer to link talks on space weapons with resumption of stalled talks on strategic weapons, Mr McFarlane said: "I'd heve to say it's ton soon to tell that, too. I think they have common interest with us in reducing the levels of offensive weapons. I'm sure they have a concern about defensive ones too.

The Reagan-Gromyko talks will be the highest level contacts between Wasbington and Moscow since Mr Reagan took office more than three years ago.

Asked what Mr Reagan hoped to accomplish in the talks with Mr Gromyko, Mr McFarlane said: "Whenever there is misunderstanding, I think it's best overcome by high-level exchanges between ourselves and the Soviet Union. And this is an opportunity to begin to do that."

Mexico to request $20bn in 6 years

NEW YORK – Mexico plans to borrow almost $20bn in the aext six years. But, in a marked shift of strategy, it will seek to reduce its reliance on commercial bank loans, banking sources said.

They said documentation of Mexico's proposed $49bn rescheduling package shows that it expects its foreign indebtedness will increase from $95.87bn this year to $115.37bn by 1990. Next year alone, when Mexico hopes to regain uncontrolled access to the market, it plans net new borrowing of $3.5bn.

Mexico's projections call for commercial bank debt next year to rise by $1.67bn, a sum that senior U.S. bankers described as realistic and achievable.

In an attempt not to overtax the banks in the years ahead, however, outstanding public-sector debt with commercial banks is planned to grow by just 4.2 per cent a year on average, to $70.12bn in 1990 from $54.74bn now.

By contrast, debt with multilateral financial institutions should grow by 10.2 per cent a year to $8.73bn from $4.67bn, and debt with bilateral sources and suppliers should grow at a similar pace to $6.65bn from $3.68bn.

Bankers said the projections reflected Mexico's intention not to revert, even if it were able, to the excessive bank borrowing which helped to precipitate the debt crisis in August 1982, when the country finally ran out of cash.

In a document spelling out Mexico's goals, Finance Minister Sr Jesus Silva Herzog said he realized that even if banks accepted the innovative rescheduling proposals, the world would not in all respects return to its pre-crisis ways.

"Nor do we believe that such an event would necessarily be desirable. Borrowers and lenders alike have learned many painful lessons in the last two years and these must not be forgotten in the days ahead," he said.

"It is time, however, to pass out of the period of crisis management and into an environment in which sensible market lending and borrowing practices will be the norm" Sr Silva Herzog added.

The planned emphasis on non-commercial bank funding sources, such as the World Bank and government export credit agencies, is also welcome to Mexico's creditors, bankers said.

Indeed, a covenant will be added to the rescheduling documents which appears to relegate the banks to the role as lender of last resort.

Reuter

Pentagon stance over microchips is softened

BY OUR U.S. EDITOR

IMPROPER TESTING of electronic microchips supplied by the Texas Instruments Corporation have had no significant effect on the reliability of existing U.S. armed forces equipment or the country's strategic nuclear deterrent, the Pentagon said.

Pentagon officials stressed that while testing regulations might have been violated, that did not mean that the chips themselves did not work. In earlier statements on the problem, the Pentagon had not meant to imply that all the Texas Instruments chips were necessarily defective, they said.

Some of the "suspect" chips had been in use in operational equipment since 1975, with no serious reliability problems, they said.

Defence officials have said that 15m semiconductors manufactured and tested by a Texas Instruments plant in Taiwan have been sold to defence contractors in the past eight years. They have been installed in weapons ranging from strategic bombers to nuclear attack submarines.

In February of this year, IBM, a major defence contractor, discovered that testing by Texas Instruments had not always conformed to military specifications and asked Texas Instruments to make an analysis of its procedures. Earlier this month, Texas Instruments told IBM that the problem appeared not to be "random," but more widespread, and the Pentagon was informed.

The Pentagon is considering whether to pursue criminal or civil charges against Texas Instruments. It has warned its prime contractors to "double check" any chips bought from Texas Instruments.

No decision has yet been taken on whether to try to check all the millions of chips already installed in equipment in use by the armed forces. The Pentagon said, however, that it would take a closer look at failure rates of weapons and other equipment to see if there had been "abnormalities" traceable to defective microcircuits.

Grenada airport 'still only 50% completed'

BY HUGH O'SHAUGHNESSY IN LONDON

THE NEW international airport in Grenada will be ready for commercial traffic on a temporary basis by October 15, but about 50 per cent of the work still remains to be completed, according to Mr William C. Perkins, vice-president of Morrison-Knudsen, the U.S. civil works contractor involved in the project.

It is not clear whether the White House is continuing with plans for a visit to the island by President Ronald Reagan to commemorate the first anniversary of the U.S. invasion of the island on October 24 and to inaugurate the new airport.

According to Morrison-Knudsen, their contract – valued at between $15m and $18m – calls for full completion of the airport only by the end of 1985.

Mr Perkins said that the completion of the airport which was due to open earlier this year had been delayed because the original Cuban contractors had taken plans with them when they quit the island last year. Fresh drawings had to be made and the Cuban specifications had in some cases to be modified for the sake of economy.

The Cuban construction equipment, left behind when the Cubans were expelled last year but still claimed by the Cuban Government, is being used by the U.S. contractors, said Mr Perkins, at the direction of the U.S. and Grenadian Governments.

The Grenadian authorities are anxious to have the airport at Point Salines working in time for the winter tourist season, even if passenger and baggage handling facilities may be only rudimentary for some months to come.

Japan fears S. Korea may tighten up import regulations

BY JUREK MARTIN IN TOKYO

JAPAN'S Ministry of International Trade and Industry (Miti) believes that South Korea is in the process of tightening existing regulations so as to reduce the volume of Japanese imports.

On Wednesday, Government and business sources in Seoul had flatly denied newspaper reports in both countries that new curbs on some 1,200 Japanese products were being implemented. No confirmation was available in Tokyo either, though a Miti official, citing Japanese industrial sources, said there appeared to be substance to the reports.

Yesterday, the same official insisted that what he described as "confidential instructions" had been transmitted from the South Korean Government to Korean companies which, though involving no new controls, implied tougher implementation of the so-called "recommendation" system.

This permits the import of some 1,200 items so long as Korean domestic industry raises no objection. Its purpose is to limit import of those goods which Korean companies are able to produce themselves. Miti's fear is that South Korea will use the system, perhaps selectively and gradually, to reduce Japanese exports.

The Miti official emphasised that Japan was still seeking confirmation of Korean policy, a process which, he said, could take time. Japan might protest at some stage, he added.

Although apparently less dramatic than initially thought, the emergence of a possible trade dispute between the two countries is strange, given the carefully orchestrated barmony evident only last week in the course of President Chun Doo Hwan's important visit to Tokyo.

South Korea bas made no bones of its dissatisfaction with a bilateral trade deficit which exceeded $2.6bn last year. The need to compensate for this deficit, it believes, is creating problems with its other trading partners, especially in new markets (for South Korea) such as Western Europe.

Although Japan made no specific concessions in last week's talks, it did, in the South Korean view, acknowledge that the surpluses it was running with the Third World were too large. In fact, Japan is understood to be planning additional market-opening measures, specifically tailored to the developing nations, later this year.

Japan is also planning to send a large buying mission to South Korea in the autumn, intended to meet Korean complaints that Japan does not purchase enough of its goods.

Ironically, this week's spate of rumours and suspicion have also coincided with a general, albeit guarded, Japanese welcome for a North Korean economic initiative—the enactment last weekend of a new joint venture law designed apparently to attract foreign investment.

● The South Korean industrial community was reported yesterday to be calling for retaliation against the U.S. because of high anti-dumping duties scheduled tentatively on Korean-made colour television set, AP-DJ reports from Seoul.

Seoul newspapers said the call came from unidentified Korean industrialists, who termed the U.S. action "unfair and hardly understandable." The accounts said they were urging the Government to scale down its liberalisation plans in relation to U.S. goods, and to shift import sources of farm prodncts away from the U.S.

In a preliminary ruling this week, it was reported that the U.S. Commerce Department had found Korean colour TV sets were being sold on the U.S. market at an average of 32.56 per cent less than their fair market values.

Opec quota exceeded by Qatar

By Richard Johns

QATAR is continuing to produce oil at a rate far higher than its quota under the Organisation of Petroleum Exporting Countries' pact, according to well-informed industry observers. They say that its rate in August was about 430,000 barrels a day compared with a 300,000 b/d allocation.

According to oil traders, Qatar is continuing to market oil either directly or under payment settlements with contractors at a discount of $2 per barrel off the official selling prices of $29.49 for its on-shore Dukhan crude and $29.30 for its off-shore Murban variety.

Qatar's breach of Opec's prices and production agreement is in contrast to the performance of most other member states whose collective production last months was 16.6m b/d, according to the latest estimates of one international company.

It calculates that the only other members exceeding their quotas in August were Kuwait with a rate of about 1.2m b/d compared with an allocation of 1.05m b/d and Ecudor with one of 250,000 b/d compared with the 200,000 b/d permitted.

Iran's quota is reckoned to have fallen to 1.9m b/d, well below its 2.4m b/d quota. Nigeria's was estimated at 1.1m b/d compared with the allocation of 1.4m b/d permitted as a result of the last Opec ministerial conference held in Vienna in July.

Northern Telecom in Trinidad deal

NORTHERN TELECOM of Canada will supply digital switching and a transmission network together worth U.S. $120m to the Trinidad and Tobago Telephone Company, Robet Gibbens, reports from Montreal. The contract includes eight DMS-100 switches and 11 remote digital switches. The order represents the third phase of the Trinidad utilities modernisation programme heing built by Telecom since 1982

● Venezuela will shortly invite tenders for a contract worth an estimated $1.5bn to supply just under 1m telephone lines, Reuter reports from Caracas.

U.S. textile curbs upset Indonesians

Indonesian textile producers have expressed deep concern over what the ycalled increasing protectionist policy of the U.S. on textile, a Trade Department official said in Jakarta yesterday, AP-DJ reports.

Over the past three years, the U.S. bas imposed a restrictive quota system affecting 18 categories of Indonesian textile products, he said.

Pan American sets the pace with order of the century. **Michael Donne** reports

How Airbus Industrie clipped Boeing's wings

THE PAN AMERICAN deal with the European Airbus Industrie for wbat may eventually amount to 91 aircraft, worth well over $2bn, represents the biggest coup achieved by Airbus to date et the expense of its arch rivals, Boeing and McDonnell Douglas.

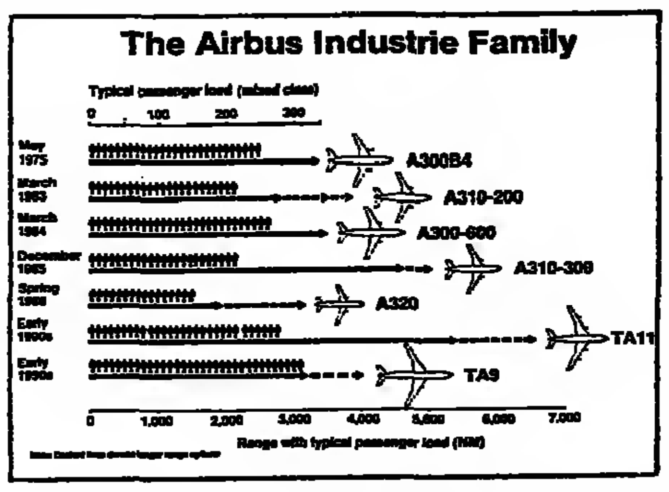
Equally significantly, it covers a wide spectrum of the Airbus "family" of aircraft types for a variety of range and payload performances, to fit the complex Pan American network of internal services in West Germany (including Berlin), and its internal U.S. operations and flights to and from the Caribbean and Central America.

It includes initially the lease of 12 A-300-B4s, which are large 250-plus seaters, flagships of the Airbus fleet, and four of tha smaller 220-plus seater A-310-20s. These are mostly "white-tails"—that is, they are eircraft either already built or under construction without firm buyers, so that they can be delivered to Pan American quickly later this year and through 1985.

At the same time, Pan American has signed a letter of intent for ultimate purchase for about $1bn of 12 220-seater A-310-300s and 16 of the new 150-seeter A-320s, with options (worth at least another $1bn) on 13 more A-310-300s and another 34 A-320s.

The Pan American deal, if the letters of intent and options are finally converted into orders (and Airbus is confident that they will be) effectively ensures the long-term future of Airbus in North American market, and especoally the future of the A-320.

While various eirlines (including Air France, Air Inter and British Caledonian) have already ordered the A-320, the accolade of a massive North American order is bound to ensure that operators worldwide will sit up and take notice.



It will also give Airbus' rivals, Boeing and McDonnell Douglas, considerable food for thought about their own prospective entries in the 150-seater market. McDonnell Douglas is already in that arena with its MD-89, but Boeing is still dickering, and has yet to announce a formal launch of a 150-seater. It may well now be forced to do so.

Engines for the Pan Am Airbuses are not yet settled, but for A-300s could be either Pratt and Whitney or General Electric (U.S.) power-plants. For the new A-320s, Rolls-Royce has a chance with the new V-2500 it is developing as part of the five-nation consortium, International Aero Engines, but will be competing with the new Franco-U.S. (Snecma-General Electric) CFM-56 Dash 5.

Although Airbus bas risen swiftly over recent years to become one of the world's "big three" jet airliner builders, after Boeing and McDonnell Douglas of the U.S., it has had most of its success outside the U.S.

Out of total sales of 406 aircraft firmly ordered by 48 customers (Airbus does not publish details of options, but these are also substantial), the only sales in the U.S. bave been thosa of 34 for Eastern Airlines, and more recently two being acquired by a smaller U.S. operator, Northeastern.

Airbus has never given up the U.S. market, bowever, and has maintained a strong sales attack, even though it knew that its direct rival in the wide-body short-to-medium range field, Boeing, was the front-runner.

The Pan American deal proves that persistence and patience can pay off, and it will be a massive encouragement to the Airbus sales team in North America.

More significantly, it will arouse the interest of many other potential customers in North America, which will be obliged to enter the short-to-medium range re-equipment market in the near future, as their existing fleets grow older, and their noise increasingly unacceptable.

Airbus Industrie's own estimate of the long-term market for airliners of all kinds up to the end of this century is some 7,800 aircraft, worth about $440bn.

Airbus divides that market into single-aisle short-to-medium range jets (such as Boeing 737s, McDonnell Douglas MD-80s and its own A-320) accounting for some 3,530 aircraft; twin-aisle wide-bodied short-to-medinm range aircraft, sucb as the A-300 and A-310, accounting for about 3,150 aircraft; and long-range airliners of various kinds, such as Boeing 747s, McDonnell Douglas DC-10s and its own planned TA-11, accounting for some 1,150 aircraft.

Airbus believes that the short-to-medium range wide-bodied jet market is potentially the richest in dollar terms, worth about $200bn. It believes tbat it can capture up to 38 per cent of that sector, or some $75bn-worth of airliners.

It is at that sector that it is *aiming with its current* wide-bodied twin-engined jets, the A-300 and A-310. Airbus believes that almost half the demand will be in North America, especially for what are called "extended-range" twins — originally short-to-medium range jets adapted for longer non-stop flights, especially over water, although not having the very long ranges of the Jumbo jets or DC-10s.

Airbus says that the market for 210-seater jets is easily the biggest part of the sector, with a forecast *demand for just* over 1,100 aircraft. The A-310-200 is aimed squarely at this slot, and has already won sales for more than 100 aircraft to some 18 customers.

Airbus Industrie'a other wide-bodied sales so far have been with the larger A-300 Series, seating around 250 passengers. Airbus is looking for substantial further sales in this market, but also has a design for a major new aircraft, called the TA-9, which would be aimed at the growing market for short-to-medium range aircraft seating up to about 300-350 passengers.

The newly-launched A-320, of about 150 seats, is aimed at the different, short-to-medium range, single-aisle market, again very large, with a forecast demand for soma 3,500 aircraft up to the end of the century.

Tha group's proposed long-range TA-11 of 200-plus seats, is yet another entirely new venture, not yet launched, although much design work has been done on it, aimed at those very long-range routes where traffic densities do not justify the use of the bigger 400-plus seater Jumbos.

With this "family" of aircraft —A-300, A-310, A-320, TA-9 and TA-11—Airbus believes that it can compete in virtually all the major markets for new jet airliners likely to emerge in the future, with the exceptious of the market for smaller jet aircraft of 120 seats or less, and the market for the higger 400-plus seaters such as Jumbos, in which it is not (so far) interested.

It recognises that there are considerable financial constraints upon it. It would like to launch the new TA-11 long-range jet as soon as possible, but it would cost perhaps $1.5bn or more, and none of the government shareholders are likely to subscribe that sort of cash so soon after launching the $2bn A-320, unless some cash returns emerge soon.

Similarly, any *enlarged* short-to-medium range TA-9 must wait until either a demand has clearly emerged, or profits start to flow on existing Airbuses, before new ventures of that nature can be launched.

This explains the significance of the Pan Am breakthrough into the North American market. If it can be followed with substantial further deals, the entire outlook for Airbus Industrie in North America could be changed, for the better.

Egypt's export bank prepares for business

BY TONY WALKER IN CAIRO

EGYPT'S NEW Bank for Export Development will have authorised capital of Egyptian £100m (£92.5m) and would also act as a channel for the distribution of funds provided by the World Bank for export promotion, the new bank's chairman said this week.

Dr Hazel el Biblawi said the Export Development Bank would open for business at the beginning of 1985. It was being formed to increase Egypt's flagging exports and belp provide a basis for long-term growth.

Egypt recognised, he said, that unless efforts were made to increase exports it would endure growing balance of payments problems. Egypt was relying too much on "unsustainable sources" of foreign exchange such as worker's remittances and Suez Canal dues.

The World Bank has urged Egypt to develop a more reliable export base and has offered a $125m credit to assist. Agreement on the credit has not yet been finalised because of differences over exchange rates.

The Egyptian Bank for Export Development will distribute World Bank fuods for export and project financing through local banks. Its own paid-up capital is E£12.5m, half of wbich is in U.S. dollars.

Shareholders in the new hank include Egypt's four public sector banks which each have a 15 per cent holding and the National Investment Bank with 40 per cent.

The Export Development Bank will concentrate at first on trade and project financing, and after a year will institute an insurance inceotive scheme for exporters sucb as those offered by Britain's ECGD and France's Coface.

There was a need, Dr Bihlawi said, for Egypt to build a broader and more reliable spread of exports. The new bank would seek particularly to encourage exports of "high value" agricultural crops such as those used in herbal medicines.

Other areas likely to attract support are textiles and leather products. The bank would also attempt to assist Egyptian engineering groups win contracts in the region.

Dr Bihlawi criticised bureaucratic barriers in the way of exporters. "The number of procednres an exporter has to go through is simply unbelievable," he said.

UK seeks Latin American trade

By Hugh O'Shaughnessy

MR PAUL CHANNON, the UK minister for trade leaves London next week for Mexico, Miami and the Bahamas amid something approaching desperation in official circles at Britain's inability to make any significant penetration of the Latin American market.

Speaking in London yesterday Mr Channon admitted Britain's bad showing in Latin America where less than 3 per cent of imports are supplied by British exporters.

In Mexico the minister is to seek an increase in British exports which totalled £67m in the first half of this year.

OVERSEAS NEWS

Hong Kong economic growth 'over target'

BY DAVID DODWELL IN HONG KONG

HONG KONG'S economic is expected to pass 8 per cent this year, with the budget deficit substantially lower than forecast in February, Sir John Bremridge, the territory's Financial Secretary, is expected to reveal tonight.

Sir John's annual mid-term review of the economy, to be given at a dinner of the Overseas Bankers' Club, is expected to be more than usually cautious because of the imminent conclusion of Sino-British negotiations over the future of Hong Kong once it becomes Chinese sovereign territory in 1997.

He is, nevertheless, likely to predict that stronger than expected export growth has made his original budget forecast of 6 per cent gross domestic product (GDP) growth too cautious by at least 2 per cent. In the six months to the end of June domestic exports grew by 25 per cent in real terms, while re-exports grew by 34 per cent. These compare with budget forecasts of 10 per cent and 16 per cent respectively.

The budget deficit is expected to fall significantly below the HK$2.1bn (£210m) forecast in February. This is understood to be mainly due to continued recession in the building and construction industries, which has meant that the Government's public works building costs have been lower than expected.

Sir John is expected to discuss the strains which have built up recently on the Hong Kong dollar. This has been linked to the U.S. unit since a currency crisis in October last year, but the linked rate has come under sustained pressure as the U.S. dollar has strengthened to record levels against currencies worldwide. The HK dollar has traded around the level of 7.85 to U.S. currency since early July—below the link range of 7.78 to 7.82.

Forecasts made in February that inflation would fall to around 7 per cent by March 1985, giving an average of 9 per cent for the year, and that revenues from the sale of land leases will amount to about HK$4.2bn, are not expected to be altered.

Suzuki offers deal to give Nakasone party leadership

BY JUREK MARTIN IN TOKYO

A LEADING Japanese politician last night sketched out a bargain which, if agreed on, could ensure that Mr Yasuhiro Nakasone is returned as president of the ruling party, and thus prime minister, without serious opposition in November.

Mr Zenko Suzuki, the former prime minister and head of the second largest faction in the Liberal Democratic Party, told a meeting of his supporters that he wanted his candidate, Mr Kiichi Miyazawa, to be guaranteed a senior party or Cabinet post in the next government.

If this could be worked out, Mr Suzuki said, then the LDP should unite behind a single presidential candidate, thus preserving party unity. On present form, that man would be Mr Nakasone.

But if Mr Miyazawa were denied a key post, Mr Suzuki said he would himself step aside as factional leader and appoint Mr Miyazawa as his successor in order to strengthen his hand in a potentially divisive contest against Mr Nakasone and possibly others.

Iraq sinks oil supply charter ship

IRAQI aircraft have sunk an oil supply vessel Seetrans 21 believed to be on charter to Iran. Three of its seven-man crew are missing and presumed dead, shipping sources told news agencies in Bahrain. Iraq, which has reported five attacks on Gulf shipping in four days, said in a terse report that its air force had struck a "naval target" south of Iran's Kharg Island oil terminal.

Punjab state of alert

High-level emergency talks were called yesterday between central government and Punjab state officials following renewed terrorist violence in the state in which 10 Hindu bus passengers were shot dead and another 10 injured by Sikh terrorists, K. K. Sharma writes from New Delhi. The Government announced a state of alert for northwest India. Meanwhile, the parliamentary crisis in Andhra Pradesh state remained deadlocked, reports John Elliott from Hyderabad. The emergency vote over Mr Rama Rao, the deposed chief Minister, was postponed for a third day.

Nine die in Jakarta

At least nine people were killed and more than 50 injured in riots in Jakarta, reports Kieren Cooke from the Indonesian capital. The government said the trouble began when about 1,000 people marched on a security headquarters to demand the release of four Moslems arrested on Wednesday.

Top Frelimo man killed

A member of Mozambique's ruling Frelimo party central committee, Zacaris Tomas, was killed during an attack last weekend by rebel forces on the country's largest sugar refinery, according to th estate-run newspaper Noticias AP reports from Maputo.

David Lennon examines the contradictions within Israel's national unity government

Cabinet whose strength may be its weakness

Mr Shimon Peres

IN THEORY, Israel now has its strongest Government in almost 15 years. In practice the new coalition's internal contradictions may create either paralysis or frequent Cabinet crises.

On the plus side, the coalition of the two major parties has produced a Cabinet of vastly experienced people. It contains one former President, two former Prime Ministers, four former Defence Ministers, one former Finance Minister and three former Chiefs of Staff.

But the seeds of trouble lie in the fact that the only reason the two main, and often viciously rival, parties have agreed to sit together is the inability of either of them to establish a coalition after the July general elections produced a hung parliament.

Rather than calling new elections to resolve the deadlock in the Knesset, the politicians of the Labour and Likud parties decided to try to share power. The fruit of this decision is a coalition whose only common denominator is a lust for power.

Ideologically, what is being called a National Unity Government is a contradiction in terms. Instead of the differences between socialist-pluralist Labour and the conservative-nationalist Likud being fought out in the Knesset, they will be the cause of major battles within the Cabinet.

This is hardly a recipe for harmonious and fruitful co-operation, but perhaps the economic crisis will force a degree of co-operation on this issue. The economic situation is desperate, but not hopeless as a very friendly U.S. Administration seeking re-election is eager to assist.

Mr Yitzhak Shamir

The Cabinet

THE NEW Cabinet is studded with military and political stars. Mr Yitzhak Moda'i, the new Finance Minister, is leader of the Liberal Party within the Likud bloc. Energy Minister in the last Government, he formerly had a successful career in business.

He can be abrasive and obsessive and has been accused of being erratic at times, but, at 48, Mr Moda'i brings to the Treasury both vigour and considerable political clout.

A former Labour Prime Minister, Mr Yitzhak Rabin, 62, will be Defence Minister. He advocates an early withdrawal from Lebanon, and, with his prestige as Chief of Staff in the 1967 war, will probably get his way.

Mr Ariel Sharon,56, who lost his Defence portfolio because of his role in the Sabra and Shatilla massacres, will be Industry and Trade Minister. He is bound to be a disruptive element in the Cabinet.

Two other former Defence Ministers, Prof Moshe Arens, 58, and Mr Ezer Weizman, 60, are in the Cabinet, as are two former Chiefs of Staff, Mr Haim Bar-Lev, 60, and Mr Modechai Gur, 54.

Israel's former President, Mr Yitzhak Navon, 63, is Deputy Premier and Education Minister. And, Dr Yosef Burg, 75, who has served as a Minister uninterruptedly since 1951, will again sit at the Cabinet table.

The Economy

THE country's economic woes are well documented. They include a $5bn balance of payments deficit on current account, 400 per cent inflation, dwindling foreign currency reserves and a $30bn foreign debt.

Standard cures have long been advocated by the Treasury and the Central Bank, but the Cabinet weakness has prevented them from being implemented.

Mr Yitzhak Moda'i, the new Finance Minister, believes in economic liberalism, but recognises that, in the initial period, he will have to follow most of the Treasury's prescribed austerity measures.

These include a $1bn budget cut, raising value added tax by 2 per cent to 17 per cent, increasing purchase taxes, imposing property tax on homes and cars, and reducing real wages by 10 per cent, while imposing a price and wage freeze.

It is not known if the new Minister has decided on his policy towards the capital markets, but it is known that he favours reducing the cost of credit for industry.

Once he has begun implementing an economic recovery programme, the Minister will then seek additional aid from the U.S. to help replenish Israel's diminished foreign currency reserves.

The Lebanon

THE nation's most pressing problem, after the economy, is the continued presence of its troops in Lebanon more than two years after what was supposed to be a limited military operation.

Both the Premier and the Defence Minister in the new Government believe that it should be possible to withdraw from Lebanon within six to nine months.

Not having been partners to the decision to invade, it will be easier for them than it was for the previous Likud Government to cut Israel's losses from the Lebanese misadventure.

The problem is how to do this without allowing the Palestinian guerrillas to move south again to launch attacks on northern Israel.

This will probably require an understanding with Syria, a beefing up of the UN peacekeeping forces in southern Lebanon, and a residual Israeli presence to lend muscle to the Israeli-backed local militia.

Even after pulling-out the bulk of its troops, Israel will not hesitate to send them back across the border on search-and-destroy missions against any build-up of PLO forces in the South.

The Peace Process

THE MAJOR loser from the creation of the "national unity" Government will be the peace process.

Because of the sharp ideological differences between the two camps in the Cabinet, it will be unable to take any initiatives seeking peace with Israel's Arab neighbours.

It will similarly be unable to agree on accepting any peace proposal made by outsiders. If a re-elected U.S. President Reagan tries to revive his 1982 peace plan, he will find the Cabinet unable to give it serious consideration.

While Labour advocates trading part of the occupied West Bank for peace with Jordan, the Likud is totally opposed to giving up even a single inch of this territory which it considers as part of the biblical land of Israel.

Even the hopes among the Palestinians living under occupation that the new Government might halt the Jewish settlement programme have been dashed.

Under the coalition agreement, the Government will slow down the settlement drive, but will not halt it. It is also committed to developing the settlements already established.

Labour's desire to improve relations with Egypt will also be hampered by Likud opposition within the Cabinet to any gesture towards Cairo.

U.S. aid is almost guaranteed, **Reginald Dale** reports

A special case on Capitol Hill

THE REAGAN Administration is well aware that the new Israeli Government is soon to put in a request for a considerable amount of extra money from Washington, and, according to U.S. officials and Middle East experts, the Israelis are likely to get most, if not all, of what they ask for.

The new Government may first have to undergo an examination of its economic policies by U.S. experts, in much the same way that another country would have to submit its policies to international scrutiny when applying for an IMF loan. The U.S. scrutiny of Israel, however, is likely to be much more lenient — its policies just have to be "plausible," says one official—and it is unlikely that any overt political strings will be attached.

Administration officials have seen widely differing estimates of the amount that Israel will request. The estimates range from emergency aid of an extra $700m to $1bn to supplement the $2.6bn in U.S. aid that Israel is already due to receive in the U.S. fiscal year 1985, which starts on October 1.

In addition, there have been suggestions from Israel that the country will ask for a total of as much as $5bn for fiscal 1986, which will soon have to be considered under the lengthy U.S. budgetary process.

But the State Department insists that no formal request has yet been received—and is unlikely to be until the new Israeli Government examines the books, decides how much it needs and what economic steps are necessary.

Several things, however, are fairly clear. The first is that the U.S. Presidential election is not likely to make much difference. It is unlikely that any Israeli request will be ready for full consideration on Capitol Hill before Congress starts its pre-election recess in early October. But the U.S. is not going to abandon Israel before or after the elections. It never has before, even though the Israelis tend to make maximum use of their influence in election years.

Israel remains a special case on both Capitol Hill and at the White House (and, indeed, at the Pentagon). It is not just the power of the Jewish lobby, although that should never be under-estimated, or the importance of the Jewish vote and campaign contributions. It is that many Americans feel a strong moral objections to doing *anything* that can be labelled "anti-semitic" and a feeling that Israel is the only real U.S.-style democracy in the Middle East.

Israel is also regarded in many quarters in Washington as a "strategic asset." Some Americans also tend to believe that the Israelis, who have produced some of the world's best economists, are in many ways the best judges of their own interests, despite the country's current plight.

So an elaborate game tends to be played. The Israelis ask for a certain amount of aid, the U.S. Administration reduces it in its request to Congress, knowing full well that Congress will put it back up to the original figure—and sometimes even more—and the White House then claims the political credit. The Israelis know this as well as anyone else.

The process is obviously much more painless for Israel than going to the IMF, whose conditions would almost certainly be much stricter than any imposed by the U.S. However, while the IMF's conditions would relate simply to economic policy. It is just possible that the U.S. may delicately raise the economic cost of, say, the continuing Israeli occupation of southern Lebanon.

But any political pressure would almost certainly be both private and friendly. No leading U.S. politician at the moment, with the possible exception of the Rev Jesse Jackson, is likely to stand up publicly and call for the imposition of political conditions involving Israel's future status in the Middle East.

It is conceivable but far from certain that President Reagan might want to apply some of this kind of leverage.

As for Mr Reagan's opponent in the coming elections Mr Walter Mondale, he has bent over backwards to demonsrate that he is a friend of Israel—to the extent, in the New York Democratic primary, of even embarrassing some of his Jewish supporters over the issue of the transfer of the U.S. Embassy from Tel Aviv to Jerusalem.

There are American public figures, including most notably Mr George Shultz, the Secretary of State, who questions whether more money should be poured into the ailing Israeli economy, whether, in fact, it would be in Israel's interest.

Hawke 'may call early election'

BY MICHAEL THOMPSON-NOEL IN SYDNEY

MR BOB HAWKE, the Australian Prime Minister, said yesterday it was odds on that he would call a general election before the end of the year—Australia's eighth such election in 15 years. The likeliest dates are November 24 or December 1.

In Canberra, Mr Andrew Peacock, leader of the Liberal-National Party opposition, attacked Mr Hawke and his right-wing Labor Cabinet with charges that they were soft on fighting organised crime.

Mr Hawke flatly rejected the chardges and told Mr Peacock to get out of the gutter."

Mr Peacock's tactic is seen as the desperate gambit of a man struggling to retain the Liberal Party leadership in the face of certain defeat at the polls.

The latest Gallup poll, in The Bulletin magazine, shows Labor leading the Liberal-National coalition by 50 points to 43—virtually identical to the margin by which Mr Hawke won power in March last year.

Mr Hawke's personal approval rating is 69 per cent, against Mr Peacock's 37 per cent.

Mr Hawke said yesterday that if he decides to call an election late this year—16 months earlier strictly necessary—he will announce his decision in early October.

Earlier this year, Mr Hawke said it made sense to hold a House of Representatives (lower house) election at the same time as the half-Senate election that must be held by May 1985.

Yesterday, tempers boiled when Mr Peacock described the prime minister as "a little crook" and a "preverter of the law."

Mr Peacock claimed that there was a "powerful group of people within the Labor Party which will do everything to avoid effective crime fighting and which will do anything to avoid eroding *their power base* in New South Wales, the same power base as the prime minister and the personal fiefdom of Treasurer (Mr Paul Keating)."

Mr Peacock later withdrew the "little crook" reference.

New Zealand wage-fixing pact agreed

WELLINGTON—New Zealand's new Labour Government yesterday unveiled details of a long-term wage-fixing agreement with employers and workers which it hopes will lead to the nation's economic recovery.

The details of the agreement, reached last week, were given to a national conference of political, industrial and union leaders.

But most wage earners would have to wait until early next year for any pay rises from a negotiated award, Mr Stan Rodger, Labour Minister, told the conference on its second day.

Under theagreement, tripartite talks on the state of the economy would be held before a new round of wage negotiations, Mr Rodger said.

Mr David Lange, the Prime Minister, has described the agreement as a milestone following nearly two years of often bitter talks under the previous National Government which lost power in elections last July.

Legislation on the wage-fixing mechanism was likely to be passed by parliament before the end of the year, officials at the conference said.

Mr Garry Tait, president of the Employers' Federation, said the agreement was a significant step towords a more responsive

Most wage earners have had only one rise— a flat NZ$8 (£) a week—in the past three years.

Decision on Channel tunnel now 'urgent'

By Hazel Duffy

A DECISION by the Government on the Channel Tunnel is needed urgently to enable the British and French consortia to invest in the next stage of development, says the civil engineering development committee of the National Economic Development Office in e market brief published yesterday.

Mr Gordon Brunton, the committee chairman, says: "The Government has asked for proposals from the private sector. It is now up to government to decide which of the schemes it wishes to proceed.

"With a favourable decision, it must commit itself to carry our negotiations with the French and put the necessary legislation to parliament with some urgency so that the momentum is kept up."

The committee suggests that a "shadow board" be set up, to include mass transit and freight movement expertise and the promoting groups and financing organisations, to supervise the development of the proposed link.

That would ensure that "the elements of a strong client will be in position before final decisions are made affecting the commercial viability."

This call to the Government to make a political decision about the overall desirability of a Channel link comes nearly four months after five British and French banks presented e financing study.

At the time, the Government said that their proposals failed to meet the fundamental requirement that finance should be raised without the assistance of public funds or commercial guarantees by government.

Motor industry protests over Spanish tariffs

BY JOHN GRIFFITHS

LEADERS OF the British Society of Motor Manufacturers and Traders yesterday met Mr Paul Channon, the Trade Minister, to express "deep concern" over what they regard as lack of progress in getting Spain to lower its tariff barriers against UK vehicle and component imports.

Mr Harry Hooper, the society's president, and Mr Antony Fraser, Director, protested at "gross disparities" between Spanish tariffs and those imposed by the UK on Spanish imports.

Under an agreement made in 1970 to encourage Spain's industrial development, Spain's vehicle exports to EEC states are subject only to a 4.1 per cent tariff. Last year Spain overtook the UK as a vehicle producer, but it still levies an import duty on EEC vehicles of 36.7 per cent, which rises to 58.54 per cent when an internal "home compensatioo" tax oo imports is added.

The society leaders told Mr Channon there should be big tariff cuts by Spain next year, before its introduction to the EEC. There should also be further, staged reductions during the transition period – expected to last several years – before Spain becomes a full member.

Talks between the EEC and Spain are already in progress on the issue. While Mr Channon told the society that the Government was deeply concerned, too, be said that some progress had beeo made. Spain had agreed to remove the bome compensatioo tax when value-added-tax (VAT) was introduced at the time Spain joined the EEC.

The imbalance is particularly resented by Austin Rover, which is ooe of the few European volume car manufacturers not to assemble vehicles in Spain. Pressure from the UK was mainly responsible for Spain's allowing 15,000 EEC-built cars to be imported at tariffs between 19 and 25 per cent in the year to July. However, BL's share was only 1,997 cars and the extra 243 it was offered this year was described as "derisory."

Resentment was greatly increased when General Motors began importing the Spanish-built Vauxhall Nova to the UK last year. That was a big factor in tipping the UK's overall trade balance with Spain into the red in the first balf of this year.

Idle shipping tonnage still 10%

BY ANDREW FISHER, SHIPPING CORRESPONDENT

FEWER SHIPS were laid-up for lack of work this summer, but the volume of idle merchant tonnage was still as high as 10 per cent of the total, the General Council of British Shipping (GCBS) said yesterday.

The GCBS also expressed concern at the continued low level of freight rates, still only around the level of six years ago despite n rise last month.

With costs having gone up relentlessly in the past few years, "a return to profitable employment for most bulk ships remains n long way off."

The amount of idle tonnage on July 31 was 1,456 ships of 67.8m deadweight tons against 1,471 ships of 71.53m dwt in June. The peak laid-up figure was 100.5m dwt in May, 1983.

The amount of idle tanker tonnage – 16 per cent of the world tanker fleet – fell in July from 54.8m dwt to 51.6m. Idle dry cargo tonnage, 5 per cent of the fleet, eased 16.8m dwt to 16.2m dwt.

The GCBS figures showed that 13 per cent of the UK fleet was laid up, comprising 69 ships of 3.24m dwt, mostly tankers and showing a 220,000 dwt fall on June.

Other major shipping countries bad larger proportions of their fleets laid up. Greece and Norway both bad a 19 per cent level of idle tonnage, with Liberia at 16 per cent and the U.S. at 13 per ceot.

As for freight markets in geoeral, the GCBS described these as "depressingly stable." Its own tramp trip charter index, measuring single voyage rates was less than in August, 1978.

IDLE WORLD TONNAGE
(m dwt)

	Dry cargo	Tankers	Total
December 31, 1981	2.8	24.6	27.4
December 31, 1982	23.6	60.1	83.7
December 31, 1983	23.0	56.8	79.8
July 31, 1984	16.2	51.6	67.8

Source: General Council of British Shipping

Banks to issue European cheques

By David Lascellas

SEVERAL BRITISH banks are to start issuing Eurocheques, the standard format cbeques which are widely used in Enrope and can be written in most major currencies.

They are NatWest – along with its – subsidiaries Isle of Man Bank, Coutts & Co and Ulster Bank – and the Royal Bank of Scotland with its subsidiary, Williams & Glyn's. Until now only Midland Bank has issued Eurocheques in the UK.

NatWest said the facility would allow its customers to obtain cash or pay for goods and services in local currency at 85,000 bank branebes and 4.5m shops, botels and garages in 39 European countries.

Eurocheque is an association of several thousand European and Middle East banks who develop and offer standardised products, of which the cheque has been the most successful. It enables travellers to write cheques drawn on their home accounts in the currency of whichever country they are visiting. There is usually a maximum amount and a special charge for the cheque.

Holders of Eurocbeque plastic cards have also been able to tap cash machines in a few foreign countries.

● County Bank, the merchant banking subsidiary of NatWest, a development capital subsidiary to advise on management buy-outs, raise capital and provide equity finance for expansion.

In some ten years, County Bank has invested in or acquired options to buy shares in 160 companies

EUROPEAN RESEARCH 'POOL' TO COST £300m A YEAR

Anglo-French battle looms on siting N-reprocessing plant

BY DAVID FISHLOCK, SCIENCE EDITOR

FIERCE COMPETITION is expected between Britain and France to site the first European demonstration plant for reprocessing spent nuclear fuel from fast breeder types of nuclear reactors.

The plant will be built as part of a big European industrial research and development collaboration expected to be agreed "in the next few weeks," Professor Sir Peter Hirsch, chairman of the UK Atomic Energy Authority (AEA), said yesterday.

Sir Peter was presenting the annual report of the authority. Its dominant activity is fast reactor research and development, which cost about £110m last year.

The collaboration will pool a total R and D effort costing about £300m a year, involving Britain, France, West Germany, Italy and Belgium. The Netherlands is expected to join later.

Its main aim is to start construction of three different demonstration fast reactors over the next decade, in which the research, industrial and electricity-producing organisations of the collaborating nations will all participate.

The programme will include a reprocessing plant for the fuel from the three commercial demonstration reactors.

In its annual report, the authority says Britain has "several major achievements in developing the fast reactor fuel cycle."

They include demonstrating that the fuel can remain in the reactor for much longer than previously assumed, and that it can be reprocessed and returned as fresh fuel to the reactor more cheaply than was expected.

The net result is that the authority now believes that its fuel cycle costs will be only about 40 per cent lower than the fuel cycle costs of present nuclear reactors.

The French are likely to build the first of the three demonstration fast reactors under the European collaboration.

Friction with Britain may arise because plans expected to be put before the French Government include a reprocessing plant.

At present the French, although indisputably in the lead in fast-reactor technology with the 1,200 MW Superphenix, which is expected on load next year, have no reprocessing facility devoted to fast reactor fuel.

The UK authority has a small experimental plant associated with its 250 MW prototype fast reactor at Dounreay in Scotland, which has operated successfully for several years.

The authority has used this experience as the basis of a conceptual design for a reprocessing plant capable of handling the fuel from all three demonstration reactors – probably in France, West Germany and Britain – planned under the new collaboration.

Sir Peter, who leaves the authority later this month to return to Oxford University, yesterday paid tribute to the organisation "whose members have outstanding technical ability, are of high integrity, well motivated, aware of and keen to exploit commercial opportunities, and flexible to adapt to new situations."

Not only did it have "superb technical skills covering a wide range of disciplines," it could also turn new ideas from basic science into processes and hardware by bringing together inter-disciplinary teams. It was an environment and method of working that universities trying to turn ideas into useful application could never hope to match, Sir Peter said.

Sir Peter denied that the authority was apprehensive about the government review being conducted into its future role.

UK Atomic Energy Authority annual report 1983-84; HM Stationery Office; £3.

Engineering job losses increase

BY NICK GARNETT, NORTHERN CORRESPONDENT

REDUNDANCIES in engineering industries in the North-west of England show no sign of tailing off this year, and so far are marginally higher than in the same period last year.

The main engineering employers' association covering Lancashire, Greater Manchester, Merseyside, Cheshire and North Wales, has had 4,580 notified redundancies among member companies in the first eight months of this year. That is more than 100 up on the same period last year, and the same figure as in the July-August period in 1982.

Since mid-1980, the number of companies belonging to the association has fallen from 600 to 400 and notified redundancies have totalled more than 53,000. Those figures exclude Preston and four towns within Greater Manchester, which are covered by separate engineering associations.

"The awful thing is that we are never sure where the redundancies are coming next," said Mr Morris Burden, director of the region's main engineering association, which incorporates companies in 90 towns and cities.

The region has a broad spread of engineering companies, from small, backstreet businesses to big plant of companies such as Plessey. There is a preponderance of low technology, traditional engineering, however, including a great deal of general machining.

Mr Burden said the figures showed that the trading position of most companies had changed little over the past year, although most companies were now "holding their own."

Few firms saw much change possible over the next six months. There were more signs, however, than in the previous three years of companies taking on extra labour. Those included Ferranti; the textile machinery maker, Hollingsworth, at Accrington, and the electrical equipment supplier, George Scholes.

Few companies so far have reported any great difficulty resulting from the docks dispute. Mr Burden said, however, that there was a worrying sign of more "militant" trade union activity.

In the past six weeks there had been 21 separate cases of industrial action in member companies – most of them short-lived – on a range of issues from pay, bonus rates and grading, to leaking roofs.

Opposition plan seeks return of overseas capital

BY KEVIN BROWN, PARLIAMENTARY STAFF

THE LABOUR PARTY yesterday unveiled plans to search out and recover British overseas investments if Labour wins the next general election.

Mr Roy Hattersley, the deputy Labour leader, said the party was working on a scheme "in which people realise that there are benefits for bringing their money back here, and penalties for not doing so."

Mr Hattersley was introducing Labour's latest policy statement, A Future that Works, which has already been approved by the Shadow Cabinet and the party's national executive committee, and will be presented to the annual Labour conference in three weeks' time.

The statement accuses the Conservatives of overseeing economic and industrial collapse and puts forward a programme centred around the defeat of mass unemployment.

It proposes price controls and tax changes to restrain inflation, together with industrial expansion through an extension of public ownership and economic planning. Financial institutions and industrial companies would be expected to conform to long-term national objectives.

The programme envisages exchange rate devaluation to boost competitiveness and trade controls to prevent a flood of imports. Exchange rate controls would be introduced to control capital flows so that decisions taken in the City of London could not "frustrate the national interest."

The statement calls for a tripartite partnership between government, industry and trade unions to defeat unemployment. It promises to invest "the nation's oil wealth and savings" in a massive programme of capital spending and expansion of public services.

Mr Hattersley said no previous Labour Government had come to office after a period in which exchange controls had been abolished. The party was concerned about what the "patriotic City of London" would do in the run up to a Labour election victory and before an Exchange Control Bill could be rushed through parliament.

He promised a statement in November on the form of exchange controls to be adopted by a Labour Government, and a watertight scheme "for not only stopping money going out, but for getting some of it back."

Mr Hattersley refused to be drawn on the mechanism Labour would use for tracking down overseas investments, but he confirmed that it would try to recover investments made as early as 1979, when the Conservative Government scrapped controls.

He admitted that there were technical problems to be sorted out, but insisted that his City advisers believed the problems were manageable.

The policy statement reveals little change of direction in Labour economic policy since the party's disastrous defeat in the general election of 1983.

Party leaders concede that the intention is to avoid commitments to targets for inflation, unemployment or capital spending programmes, and to flesh out the bones of the programme in the run up to the next election, due by 1988.

A statutory incomes policy has been ruled out, however, although Mr Hattersley made clear that he continues to hope for an accommodation with the trade unions.

The statement does not contain a blank commitment to renationalise all state assets privatised by the Conservatives.

Hattersley attacks Tory strategy

By Max Wilkinson

THE GOVERNMENT'S anti-inflation strategy has led it to abandon any attempt to guide the course of the real economy, Mr Roy Hattersley, the Labour Party deputy leader and economic spokesman, said last night.

In a critique of the Government's medium term financial strategy (MTFS) Mr Hattersley said the fall in inflation had been caused by the same process as in the 1930s – economic stagnation and unemployment.

The speech is one of a series in which Mr Hattersley intends to provide a solid intellectual foundation for the development of Labour's economic strategy.

He said the MTFS was not only essentially unsound, but had been incompetently applied. As a result the proportion unemployed in the UK had risen 4 percentage points more than in the industrial world as a whole, at a

The major error of the Government and the economists who advised it, he said, was in believing that inflation could be reduced at a much lower cost than was actually the case.

Mr Hattersley said the Government had expected the damage to be both slight and temporary. This was partly because it was believed that tight policies would feed quickly through into lower prices via n higher exchange rate so that little output would be lost.

The Government had also believed wage bargainers would "learn the lesson" that unreasonable demands would increase unemployment.

The Government had been forced to change its position to the extent of having what amounted to a wages policy in the public sector Mr Hattersley said.

Settlement talks on dock strike stumble on two crucial issues

BY BRIAN GROOM AND MARK MEREDITH

THE CHANCES of a deal being done which could lead to the three-week-old national dock strike being called off today were in jeopardy last night after a meeting in Glasgow between the British Steel Corporation (BSC), the Clyde Port Authority and the Transport and General Workers Union was adjourned without agreement.

The setback may not be irreparable, and informal contacts appeared to be going on in an attempt to rescue the settlement initiative. Two crucial issues were outstanding, however: BSC was sticking to its insistence that it needed to feed at least 22,500 tonnes of coal a week into the coke ovens of its Ravenscraig steelworks in Scotland, and no agreement had been reached to end the use of non-union boatmen to moor ships at Hunterston on the Clyde, BSC's terminal for Ravenscraig.

It was BSC's decision to dock the coal carrier Ostia at Hunterston on August 23 without TGWU boatmen which triggered a Scottish dock strike. That was followed by a not totally successful national strike. The boatmen, tugmen and dockers had been blacking coal imports in support of the striking miners.

Hopes of n settlement were raised yesterday when Mr John Prescott, the Labour Party's transport spokesman, announced that an agreement had been reached between the TGWU and steelworkers which could bring an early end to the dock strike.

The peace moves began on Wednesday when Dr Jeremy Bray, the Labour MP for Motherwell, convened a meeting in Scotland between Mr Prescott and representatives of unions from Ravenscraig. A further meeting was arranged at the Glasgow offices of the Scottish Trade Union Congress that night, and n provisional deal done.

This comprised: a four-week period in which Ravenscraig would get 18,000 tonnes of coal a week, to be reviewed after three weeks; a return to work at Hunterston based on "custom and practice," with Iron and Steel Trades Confederation members operating the cranes and dockers working in the holds of ships; and an agreement that alleged breaches of the dock labour scheme were a matter for the TGWU and the Clyde Port Authority and not the responsibility of the ISTC.

The outline deal was reached after consultations with Mr John Connolly, the TGWU's national docks secretary, and Mr Neil Kinnock, the Labour Party leader, and appeared to allow most parties to save face.

Mr Prescott hoped that a settlement could be recommended to today's meeting of the TGWU's national docks and waterways committee in London.

One snag remained: the TGWU wanted the port authority to end the use of non-union boatmen – the so-called "scab labour" issue which sparked off the strike. A meeting was set up for yesterday afternoon to resolve this.

Somehow the quota issue also became included on the agenda. TGWU representatives said this was a mistake, and that it had already been resolved between the unions. BSC then insisted, however, that it wanted assurances from the TGWU of getting at least 22,500 tonnes.

BSC later repeated that in a hard-line public statement which also accused the coal and rail unions of breaking previous supply agreements, and defending the corporation's subsequent use of lorry convoys to build up production.

The difficulties could be resolved, BSC said, if the TGWU called off its blacking of coal supplies at Hunterston.

Chief managers of pension funds see 19% growth in year

BY ERIC SHORT

THE TOP independent pension fund investment managers showed a 19 per cent growth in the value of pension funds under management in the 12 months to the beginning of August, according to an annual survey of fund managers.

The survey, by Pensions Magazine, covers 53 managers, controlling £50bn of pension fund assets, in the merchant banking, stockbroking and independent management sector. It highlights the growing importance of pension funds to investment houses.

The top three positions are held by merchant banking groups headed by Warburg, closely followed by Schroders, both of which have showed well above average growth in the past year.

They are followed by the two leading stockbroking groups in this sector, Grieveson Grant and Phillips and Drew.

Grieveson Grant has overcome its previous reluctance to disclose the size of funds managed, reflecting the more open approach of the new regime.

The largest clearing bank involvement comes from Barclays, followed by County Bank, the merchant banking arm of National Westminster.

The main surprise in the survey for the top 25 managers is a decline of 1 per cent to £1.1bn in funds managed by Geoffrey Morley, the largest independent in this sector.

TOP PENSION FUND INVESTMENT MANAGERS

	Funds under management August 1, 1984 £bn	Change over 12 months %
Warburg	5.40	+35
Schroders	4.68	+30
Robert Fleming	3.72	+15
Grieveson Grant	3.61	n.a.
Phillips and Drew	3.50	+38
Morgan Grenfell	3.25	+19
Barclays Bank	3.10	+15
Hill Samuel	2.79	+10
County Bank	2.37	+15
N. M. Rothschild	1.67	+29

n.a. – not available

Source: Pensions' magazine

Austin Rover halts Cowley production

By Arthur Smith

AUSTIN ROVER has suspended production "indefinitely" of its successful Maestro and Montego models after a surprise decision yesterday by mass meetings of 5,000 workers nt Cowley, Oxford, to support an overtime ban by 22 painters. More than 2,000 workers have already been laid off.

The dispute has hrought to n head the simmering industrial relations problems at the Cowley assembly plant. The company reports 30 unofficial stoppages in three weeks.

Austin Rover is taking a tough line to clamp down upon what senior management described as "a tradition of wildcat (unofficial) strikes." The company believes the onus must be upon the unions to sort out what it regards as yet another unconstitutional dispute.

Union officials, sbocked by the overwhelming rebuff by tha workers to their recommendation to allow the painters to work the necessary overtime, blame "management attitudes."

Mr Ivor Braggins, for the transport union, said the votes showed there was "n tide of anti-management feeling sweeping through the factory." He claimed resentment was greater than nt the time of the damaging "washing-up" strike which balted production for four weeks almost 18 months ago.

Many of the complaints of workers are common to the earlier strike. But at the core of the latest flare-up is unrest about the company's productivity-linked incentive scbeme.

NatWest to restore Saturday openings

BY BARRY RILEY, FINANCIAL EDITOR

NATIONAL WESTMINSTER Bank is to reintroduce Saturday morning banking in some 200 High Street branches througbout England and Wales.

Barclays, whicb has been opening some branches on Saturdays for just over two years, is trading at preseot in 440 branches eacb week.

All the clearing banks abandoned Saturday opening in 1969. Midland and Lloyds both said yesterday that they had no plans to follow the other two leading Britisb banks, but admitted that the situation was being kept under review.

NatWest's move was acknowledged somewhat smugly by Barclays. "We are surprised it has taken so long," it said.

Mr Philip Girle, NatWest's general manager of domestic banking, said the decision was triggered by the threat of increased competition in personal financial services. He pointed to recent government proposals to permit building societies to widen their range of retail banking facilities, and to signs that big retailing groups were entering the financial services field.

As n start, some 30 NatWest branches will be opened on a Saturday next spring. By the end of 1985 about 200 hranches will be opening on Saturdays.

Only a restricted service will be offered. Staff will not handle casb on Saturdays, hut will concentrate on what Mr Girle described as problem-solving activities and marketing sophisticated services. Personal loans, mortgages and insurance will be offered.

To meet customers' cash-drawing and deposit requirements, NatWest is to extend electronic banking facilities.

Coal imports up sharply

BY PAUL CHEESERIGHT IN BRUSSELS

BRITAIN'S coal imports have been rising sharply since February, when the miners' dispute led to a steep decline in domestic production.

Over the first five months of this year, according to figures complied by the EEC and published yesterday, imports from outside the Community increased 83.8 per cent compared with the same period last year.

There has been a consequent drop in exports. In March, April and May, Britisb sales to the EEC were down to 811,000 tonnes from 1.4m tonnes in the same period of 1983. Sales outside the EEC were down to 86,000 tonnes from 451,000 tonnes.

The main suppliers to Britain have been the U.S. Australin and Poland, but other big producers such as the Soviet Union and Canada have not established n foothold on the market.

Steel production still higher than last year

BY DAVID LAWSON

THE UK steel industry is maintaining a higher average weekly output than last year in spite of difficulties arising from the coal strike, according to figures published todey.

Public and private-sector output averaged 287,400 tonnes n week in the first eight months of 1984, a rise of almost 1 per cent on the same period last year.

However, the increase shows n fall from the 2.7 per cent rise for the first seven months of this year, and August's weekly average was down 3.4 per cent on the same month in 1983.

The main cutback came in Yorkshire and Humberside, the bastion of the coal dispute. There, average weekly production was down 14 per cent to 71,100 tonnes in August, while the average for the eight months fell by 4.3 per cent to 88,500 tonnes. That reversed a 35 per cent rise in output in July compared with the same month in 1983.

Wales maintained its decline, registering a marginal fall to an eight-month average of 94,700 tonnes and an August figure down 2.5 per cent on last year.

In Scotland, however, where output is dominated by the threatened Ravenscraig works, production continued to be better than last year. August figures were 12.4 per cent up on last year at 35,300 tonnes a week.

In the North, the other main steel-producing region, average weekly production fell by 2.8 per cent in August but the eight-month average was up 6.2 per cent on 1983.

THE PROPERTY MARKET BY JOAN GRAY

London Pavilion plan seals Piccadilly's future

KENNEDY BROOKES' plans for the London Pavilion put a final seal on Piccadilly Circus's future as a tourist and entertainment ceotre rather than the office development the conservationists fought so vigorously.

The restaurateur paid £2.5m for the London Pavilion, and plans to spend about £10m restoring the outside to its former glory and converting the inside to an indoor theme park, shop and restaurant complex.

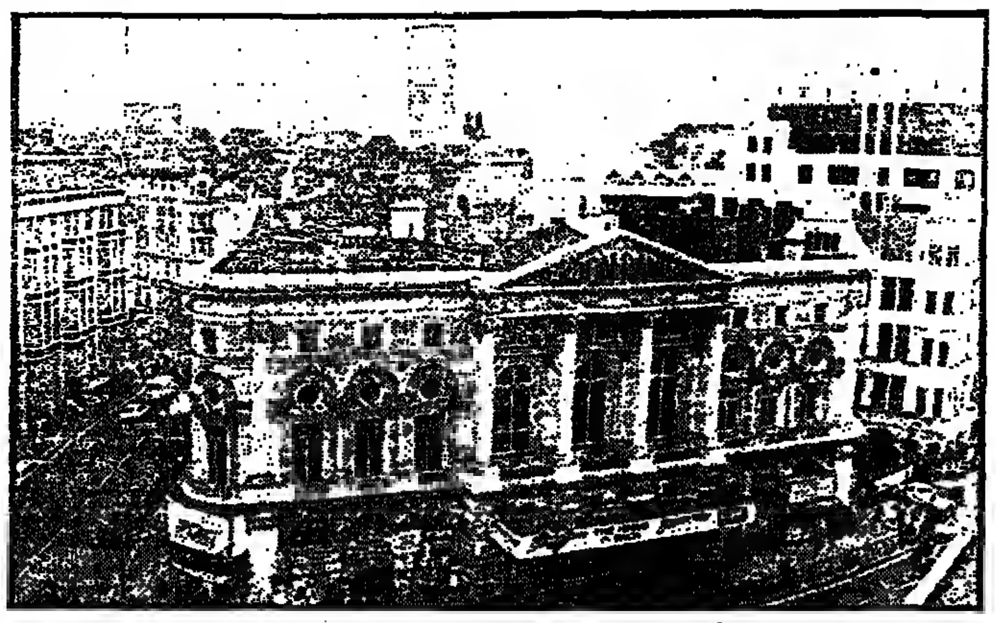
Mr Roy Ackerman, Kennedy Brookes development director, said: "We've had ideas we've wanted to put in the centre of London for some time, and now hope we can put them into practice at the Pavilion.

"I've always wanted to do a history of England or history of London exhibition and it's possible we might expand that theme at the Pavilion because it's in a tourist area."

The lower three floors will be redeveloped to give 13,200 sq ft of shopping space around a central atrium. The top three will yield 20,230 sq ft of mixed exhibition and restaurant space.

Mr Ackerman is highly enthusiastic about the idea of eaters as actors while he provides a theatrical background, and his company has already had preliminary conversations with Madame Tussaud's in conneclion with the exhibition. Kennedy Brookes will "probably" run the restaurants itself.

The ioside of the Pavilion may change ioto a historical wonderland, but the Victorian exterior will remain.



The London Pavilion—to be restored to glory

Mr Ackerman—whose white-beamed office houses a pair of gilded cherubs and a fleet of gilt-framed still-life pictures of food—is fond of it, and said: "We will be restoring and adding to the decorative exterior of a very fine building."

Kennedy Brookes is an enthusiastically expansioöist company, and its acquisition of the Wheeler's Restaurant chaio earlier this year bought it a string of prime freehold sites in central London.

Mr Ackerman, however, firmly denies any suggestion that this company company 6might be tempted to take advantage of their property potential by selling some of the restaurants or converting space *above others into offices.*

Kennedy Brookes is negotiating to buy another six restaurants io central London, including freeholds.

But what makes Mr Ackerman really enthusiastic is the company's plan to build a restaurant on the roof of the old Covent Garden market, at 35 East Terrace.

This will be a delicate glass structure resembling an orangery. The company has *just signed a 50-year lease with* the GLC and is waiting for final ratificatinn from the Environment Department.

Kennedy Brookes' ideas for the London Pavilion fit in with the GLC's plans for Piccadilly Circus as a centre for "entertainment and enjoyment" rather than the office complex once envisaged.

The amount of office space around the Circus is being kept at about 310,000 sq ft, rather than being doubled as in earlier plans: existing buildings such as Swan and Edgar on the corner and the Trocadero are being redeveloped behind their existing facades to increase the total entertainmeot space around the Circus to 500,000 sq ft and shopping space to 300,000 sq ft.

A final gap to be filled to set the Circus' future is the fate of the Criterion building, to the front of which Eros will return once the ravages of 90 years of pollutioo and pigeon droppings have been repaired.

The Criterion site is owned by Trusthouse Forte, which has receotly renewed the planning permission to demolish half the site and put up 175,000 sq ft of offices and shops, while refurbishing the Victorian Criterion theatre and adjacent Lillywhite stores.

Trusthouse Forte will announce detailed plans soon.

Developments around the Circus are scheduled to be completed by 1988, when the pedestrianisation schemes will *also be finished and Piccadilly* will become once again, as the GLC puts it "a place of fun aod gaiety, to linger and enjoy the passing scene."

Tracking station site sold

TOWN AND CITY Properties has bought the Winkfield satellite tracking station near Bracknell in Berkshire from the Science and Engineering Research Council for £462,500.

The site incIndes 3.5 acres with planning permission for laboratories and offices plus 50 ncres of agricultural land.

The price works ont at £375,000 for the industrial land and £87,500 for the agricultural land.

Mr Basil Winham, a Town and City director, said the company would be building a small high-tech estate there.

There would be one 11,500 sq ft laboratory

The company is talking to a prospective tenant—a local electronics company looking to expand—and would let the mixed use building fnr £9 sq ft.

● Recent research by Mr Michael Breheny and Mr Ron McQuaid of Reading University found Berkshire had the grentest activity in hi-tech industry and Bracknell, n long-established hi-tech centre, had the "lion's share of the jnbs" with 30.6 per cent of surveyed employment.

Other "silicon towns" in *the area came a long way* behind. Newbury, had only 5.8 per cent compared with the county average of 14 per cent.

Vickers aims for £10m from selling airfield

VICKERS, the engineering group which makes Rolls Royce cars, is hoping to raise £10m by selling its 570 acre airfield at South Marston near Swindon

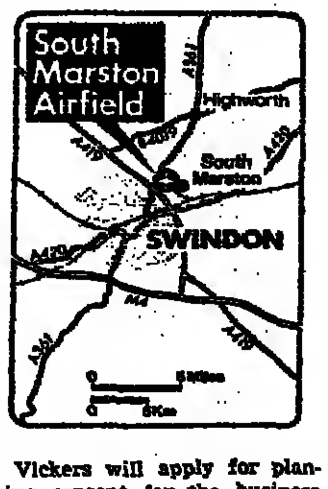
The site includes 150 acres of *industrial land. The company is* designating 28 acres of it fronting the A361 to Swindon as a business park for hi-tech companies. The rest of the site is agricultural land and unlicensed airfield.

The company hopes for prices of about £250,000 an acre for the business park land, £150,000 an acre for the rest of the industrial land, and £2,500 an acre for the agricultural land, said Mr Michael Scott, Vickers Properties estates officer.

He said: "If someone offered us a cheque for the whole site, we'd accept it. But realistically we'll be selling it in lots of mixed sizes starting with four acres upwards for the industrial land."

The sale is part of Vickers policy of divesting itself of properties no longer required for its main activities.

Of the industrial land the company *is* selling at South Marston, between 40 and 50 ncres is already built on from its aircraft factory days. The *site also* includes an earlier attempt at an industrial park, 200,000 sq ft of industrial premises the company built in the 1970s.



Vickers will apply for planning consent for the business park within the next two months.

The company has already had inquiries from companies interested in using the site for factories, packaging, and warehousing, but has had no enquiries from high technology companies yet.

The unlicensed airfield on the site is being sold separately. Vickers is asking for an offer from an interested buyer.

The agents are J. P. Sturge of Swindon and Chestertons.

Vickers is also selling its share of its Millbank Tower headquarters in London.

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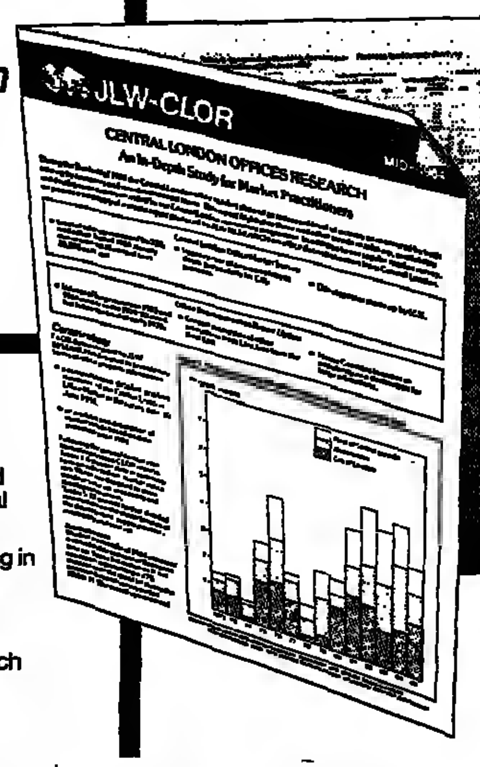

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Copies freely available on request from the JLW Research Library, Mount St.

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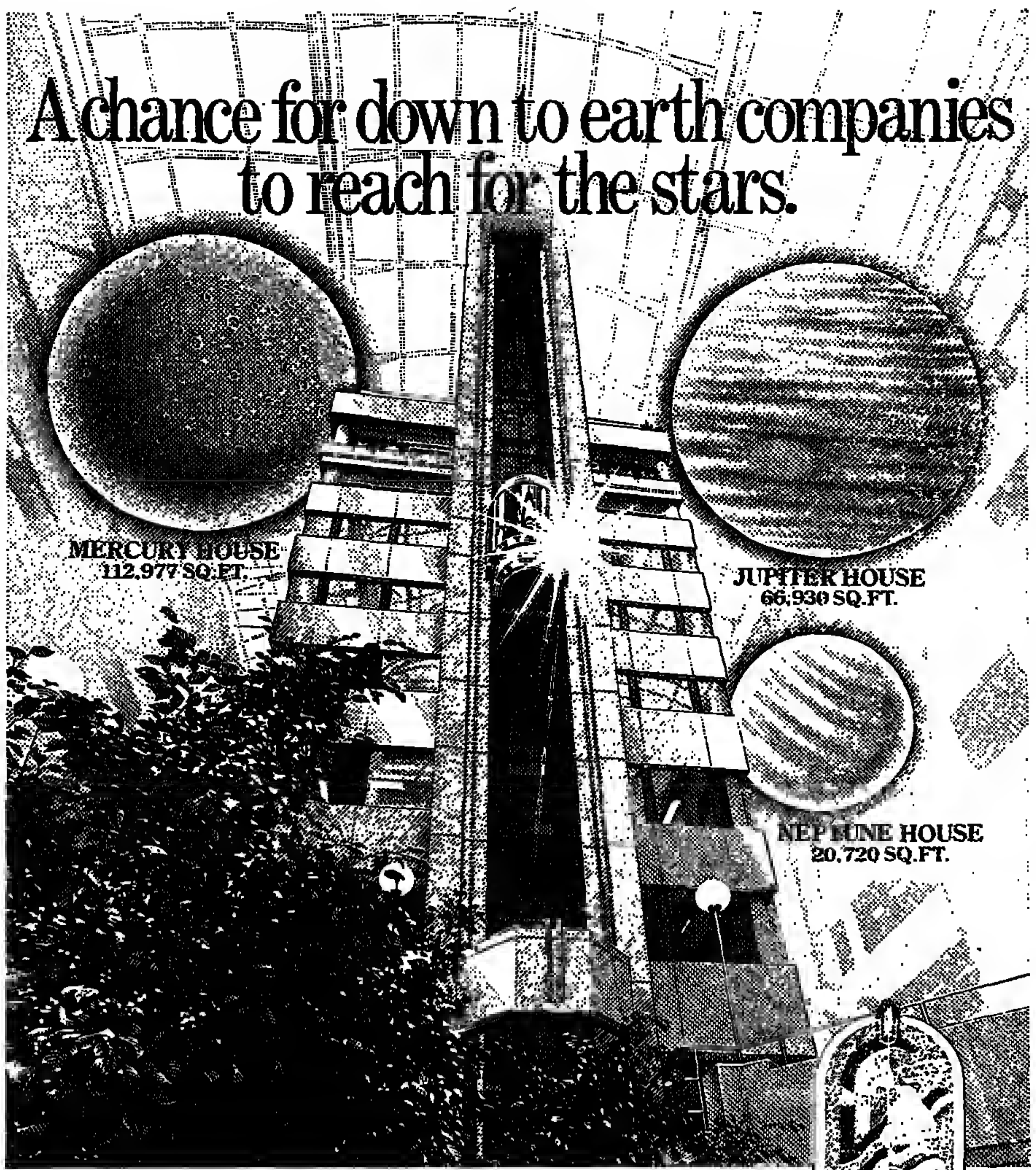

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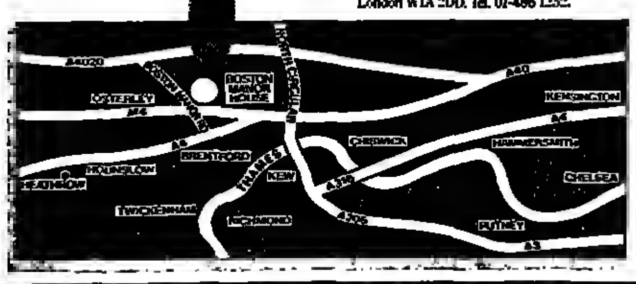

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FINANCIAL TIMES SURVEYS

The Financial Times proposes to publish the following Property Surveys in the remainder of 1984. The titles and provisional dates are listed below:

Property along the M4	21st September
Property in the North West	19th October
Industrial Property	26th October
Property in the Midlands	23rd November
U.K. Property	30th November

For further information contact:
Andrew Wood on 01-248 5116

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Company Notices

Dfls. 25,000,000.—
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As provided in the Terms and Conditions of the above mentioned Notes, Redemption Group no. 3, amounting to Dfls. 6,250,000.— has been drawn for redemption on September 7th, 1984 and consequently the Note bearing consecutive number 3 and all Notes bearing a consecutive number which is 4 or a multiple of 4 higher than 3 are payable on

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September 14, 1984

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PROFIT ANNOUNCEMENT
The group's results for the 12 months ended 30 June 1984 are as follows:

	Year to 30 June 1984 R	18 months to 30 June 1983 R
Operating profit	1 310 032	1 331 317
Taxation	820 872	642 367
Current	264 224	182 644
Deferred	505 648	450 743
Profit after Taxation	993 091	668 030
Number of shares in issue	2 010 000	2 010 000
Earnings per share, in cents	34.2	34.5
Dividend per share, in cents	15.0	13.0
Dividend cover (times)	2.3	2.2

A full review of the group results will be contained in the financial statements for the 12 months which will be issued on or about 27 September 1984.

DECLARATION OF FINAL DIVIDEND
NOTICE IS HEREBY GIVEN that dividend number 81 (final of 0 cents (1983—10 cents)) per share for the 12 months ended 30 June 1984 has been declared payable to holders of ordinary shares registered in the books of the company at the close of business on 19 October 1984 and to persons presenting Coupon Number 181 detached from Share Warrants to Bearer.

Warrants in payment will be posted from the Johannesburg and London offices on or about 23 November 1984 to members at their registered addresses or in accordance with written instructions received and accepted by the company on or before 19 October 1984.

Non-resident shareholders' tax at the rate of 15% will be deducted from dividends payable to members whose addresses in the register of members are outside South Africa.

The conditions applicable to this dividend can be inspected at the Johannesburg and London offices of the company.

For the purpose of determining those members entitled to participate in the above dividend, the share transfer books and register of members will be closed from 20 to 26 October 1984, both days inclusive.

ENCASHMENT OF COUPON NO. 181
The dividend on shares included in Share Warrants to Bearer will be payable on or after 26 November 1984 to the persons presenting Coupon No. 181 at the London Office, 20 Southampton Place, London WC1A 2BD, or at the office of Crédit du Nord, 6-8 Boulevard Haussmann, 75009 Paris. Coupons presented at London Office must be deposited four clear days before being paid and unless accompanied by Inland Revenue declarations, they will be subject to a deduction of United Kingdom Income Tax.

Holders of Share Warrants to Bearer are reminded that new sheets of Coupons Nos. 190 to 215, inclusive, and the applicable new Talon may be obtained upon application to either the London Office or the office of the Paris Agents.

NOTICE OF EIGHTY-EIGHTH ANNUAL GENERAL MEETING
NOTICE IS HEREBY GIVEN that the eighty-eighth annual general meeting of members will be held in the board room, 2nd Floor, 25 Wellington Road, Parktown on Friday 26 October 1984 at 0 a.m.

For the purpose of determining those members entitled to attend and vote at the aforementioned meeting, the transfer books and register of members will be closed from 20 to 26 October 1984, both days inclusive.

By Order of the Board
AFRICAN FINANCE CORPORATION LIMITED
Secretaries
per: S. C. MacFARLANE

14 September 1984

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN KOMATSU LTD.

EDR holders are informed that Komatsu Ltd. has paid a dividend to holders of record June 30, 1984. The cash dividend payable is Yen 4 per Common Stock of Yen 50.00 per share. Pursuant to the Deposit Agreement the Depositary has converted the net amount, after deduction of Japanese withholding taxes, into United States Dollars.

EDR holders may now present Coupon No. 20 for payment.

Payment of the Dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate. Countries currently having such arrangements are as follows:

A. R. of Egypt, Australia, Belgium, Brazil, Canada, Czechoslovakia, Denmark, F. R. of Germany, Finland, France, Hungary, Indonesia, Ireland, Italy, Malaysia, The Netherlands, New Zealand, Norway, Poland, Rep. of Korea, Romania, Singapore, Spain, Sweden, Switzerland, United Kingdom, U. S. of America, Zambia

Failing receipt of a valid affidavit Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after January 31, 1985.

Amounts payable in respect of current dividends.

Coupon No. 20 EDR denomination	Gross Dividend	Dividend payable less 15% Japanese withholding tax	Dividend payable less 20% Japanese withholding tax
1 share	$0.016166	[illegible]	[illegible]

Depositary: Citibank, N.A., 336, Strand, London WC2R 1HB
September 14, 1984.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN TOPPAN PRINTING CO., LTD.

Further to our notice of May 18, 1984 EDR holders are informed that Toppan Printing has paid a Dividend to holders of record May 31, 1984. The cash Dividend payable is Yen 3.2 per Common Stock of Yen 50.00 per share. Pursuant to the Terms and Conditions the Depositary has converted the net amount, after deduction of Japanese withholding taxes, into United States Dollars.

EDR holders may now present Coupon No. 6 for payment to the undermentioned agents.

Payment of the Dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate. Countries currently having such arrangements are as follows:

A. R. of Egypt, Australia, Belgium, Brazil, Canada, Czechoslovakia, Denmark, F. R. of Germany, Finland, France, Hungary, Indonesia, Ireland, Italy, Malaysia, The Netherlands, New Zealand, Norway, Poland, Rep. of Korea, Romania, Singapore, Spain, Sweden, Switzerland, United Kingdom, U. S. of America, Zambia

Failing receipt of a valid affidavit Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after December 31, 1984.

Amounts payable in respect of current dividends.

Coupon No. 6 EDR denomination	Gross Dividend	Dividend payable less 15% Japanese withholding tax	Dividend payable less 20% Japanese withholding tax
1,000 shares	$18.75	$13.03	$15.00

September 14, 1984.
Depositary: Citibank, N.A., 336, Strand, London WC2R 1HB
Agent: Citicorp Bank (Luxembourg) S.A., 16 Avenue Marie Thérèse

HARMONY GOLD MINING COMPANY LIMITED
(Incorporated in Republic of South Africa)
A Member of the Barlow Rand Group

DIVIDEND DECLARATION
NOTICE IS HEREBY GIVEN that dividend No. 51 of 105 cents per share has been declared ... [illegible]

By order of the Board
RAND MINES (MINING & SERVICES) LIMITED
Secretaries
per: A. R. HOLT

THE GREAT NORTHERN TELEGRAPH COMPANY LTD.
THE GREAT NORTHERN TELEGRAPH COMPANY'S HOLDING COMPANY LIMITED
HALF YEAR STATEMENT 1984
[illegible]
ERIK MOLLERUP
Chairman

REPUBLIC OF ICELAND
8½% 1973/1988 UA 12,000,000

Bonds for the amount of UA 331,000 have been drawn on August 30, 1984 in the presence of a Notary Public for redemption on October 24, 1984.

The following Bonds will be reimbursed coupon due October 24, 1985 and following attached:

7296 to 7322 incl.
7327 to 7336 incl.
7341 to 7355 incl.
7357
[illegible]

The Fiscal Agent
KREDIETBANK S.A. Luxembourgeoise
Luxembourg, September 14, 1984

Faellesforeninger for Danmarks Brugsforeninger Co-op Danmark
US$10,000,000 — 8% per cent Notes due 15th October 1984
Notice is hereby given to the Bondholders of the above issue, that October 15, 1984 is the final redemption for this issue.
[illegible]
Bank of America International S.A., Luxembourg
Fiscal Agent and Principal Paying Agent.

NOTICE TO HOLDERS OF NIPPON KOGAKU K. K.
4 PER CENT CONVERTIBLE BONDS DUE 1985
[illegible]
13th September, 1984

THE COPENHAGEN COUNTY AUTHORITY
20,000,000 EUROPEAN UNITS OF ACCOUNT 8½% 1970/1985 BONDS
[illegible]
THE COPENHAGEN COUNTY AUTHORITY

CAISSE CENTRALE DE COOPERATION ECONOMIQUE
Bond Issue of USD 100 million Floating Rate Notes 1982/2002
The rate of interest applicable for the interest period from September 14 1984 up to December 14 1984 as determined by the reference agent is 12½ per cent per annum namely US$308.07 per note of US$10,000.

LAFARGE COPPEE
[illegible]

CANADIAN PACIFIC LIMITED
(Incorporated in Canada)
DIVIDEND NOTICE
[illegible]
By order of the Board,
C. AMES
Vice-President and Secretary
Montreal, September 10 1984.

C. ITOH & CO. LIMITED
[illegible]
HAMBROS BANK LIMITED
14th September 1984.

CITY OF MONTREAL
3% PERMANENT DEBENTURE STOCK
[illegible]
THE ROYAL BANK OF SCOTLAND plc
Registrars

Legal Notices

IN THE MATTER OF PANTRONICS LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 18th day of October, 1984, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned PATRICK GRANVILLE WHITE of 1 Wardrobe Place, Carter Lane, London EC4V 5AJ, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 6th day of September 1984.
P. G. WHITE, Liquidator

Public Notices

THE FIFTY CLUB wishes it to be known that G. H. Walker, P. A. Burt, N. H. Howe, M. J. Henry, M. A. Gregan and S. C. Hicks have been appointed to the board of management.

Contracts & Tenders

NOTICE INVITING TENDERS FOR CONTINUOUS CASTING PLANT FOR COPPER ALLOY

Sealed Tenders are invited from reputed firms for the supply of Double Strand Self Controlled Horizontal Continuous Casting Plant for Copper Alloy. Specifications and Tender forms can be obtained on written request from the following citing Ref No. SW/EE/8405136.

High Commission of India
Director (EDP)
Supply Wing,
Aldwych, London WC2 4NA

Completed Tender Forms are required to reach us by 3 p.m. on 5th November 1984.

BUSINESS LAW

Tangled law of Bills of Lading

THE QUEUE of ships waiting for unloading during the dock strike is likely, sooner or later, to lead to a long line of disputes over who should pay for the cost of waiting, known in the trade as demurrage. In this connection a number of old and some new questions may crop up about the nature of the Bill of Lading (B/L). Does it bind equally all the three parties concerned, namely the shipper, the carrier and the consignee? When does normal waiting time end? What effect should be given to the *force majeure* clause?

Fortunately, one of the prickly questions created by the careless drafting of the 1968 Brussels Convention of Jurisdiction and enforcement of Judgments in Civil and Commercial matters was recently resolved by the European Court in Luxembourg.

The Convention provides in Article 17 that an agreement between two parties that disputes should be submitted to a court other than that normally competent according to the Convention should be in writing, or at least confirmed in writing if concluded by word of mouth, in order to be effective.

Is the B/L, as a rule signed only by the carrier or on his behalf, an agreement or is it simply a negotiable receipt for the goods? And, even if it is an agreement or confirmation of one, does it bind third parties, such as the consignee?

Although English lawyers would be most unlikely to raise such questions and would be inclined to take them for a fruitless academic exercise if raised by others this problem seems to worry civil lawyers, including those of the EEC Commission. That, no doubt, is the reason why a claim of a mere $334 as damages for a short delivery of a shipment of timber was allowed to take the time of three Belgian courts, only to be referred by the Court of Cassation to the European Court of Justice, which is responsible for authoritative interpretation of the 1968 Brussels Convention.

The plaintiffs received the shipment of timber under a BL issued by the defendant carrier. It contained the following clause: "All disputes relating to the present bill of Lading should be resolved by the court of Hamburg." Nevertheless the plaintiffs sued in Antwerp, where the consignment was unloaded. They insisted that the choice of Hamburg jurisdiction was invalid because it did not satisfy the requirements of Article 17 of the 1968 Brussels Convention.

The Antwerp court accepted jurisdiction and this was confirmed by the Court of Appeal. It was only on further appeal to the Court of Cassation that the two questions concerning the binding nature of the jurisdictional clause were formulated and referred to Luxembourg.

Before the European Court the plaintiffs and the Commission argued that the Hamburg clause could be valid only if expressly accepted both by the shipper and the carrier. The Commission maintained that in interpreting Article 17 of the Convention no account should be taken of general practice and usage. An agreement presumed merely on the strength of usage was not an agreement in the meaning of Article 17.

A 1978 Convention concerning accession to the 1968 Convention provided that an agreement under Article 17 could be in a form accepted by usage in the field concerned, and which the parties either knew or should have known, but the Commission agreed that the 1978 Convention had not yet come into force. The Commission admitted, however, that the jurisdictional clause might be valid if a continuous commercial relationship had existed between the parties and a denial of the clause by the shipper could not be made in good faith.

The British Government, in its observations to the court, insisted that the issue was of fundamental importance and not merely a matter of judicial policy. It suggested that the real question was: "Was the jurisdictional clause included in the Bill of Lading in a manner which shows that a real agreement exists between the two parties, taking into account the principle of good faith?" In the British view an answer to this question could be given only by the national judge on the basis of all the facts of the case.

The court concluded that a B/L clause might satisfy the requirements of Article 17 as confirmation of a previous verbal agreement concerning jurisdiction.

Even in the absence of such a previous agreement, it might be sufficient if there existed a current commercial relationship between the parties as all Bills of Lading had the jurisdictional clause preprinted. It would be contrary to the principle of good faith to claim that the choice of forum expressed in this way was not part of the rules governing a continuing commercial relationship.

The clause was also binding on the consignee or other bearers of the Bill of Lading if they succeeded in the shipper's rights and obligations on the strength of the applicable national law.

Somewhat nearer to home appeared the question whether the consignee or any other holder of the B/L could be made liable for demurrage on the strength of a clause saying that the B/L incorporated the terms of the charterparty.

The charterer is of course normally responsible for any loss caused to the ship owners by keeping the ship in port longer than agreed, and an arrangement which would shift this responsibility to the consignee who has no control and mostly no knowledge about the movement of the ship would make little sense.

Curiously, the Miramar Maritime Corporation, the ship owner, pushed its claim against Holborn Oil Trading, the consignee, all the way to the House of Lords. After having suffered defeat in Mr Justice Mustill's court and in the Court of Appeal, they were told by Lord Diplock that no businessman who had not taken leave of his senses would intentionally enter into a contract which exposed him to a potential liability of that kind and that this in itself was an overwhelming reason for not indulging in verbal manipulation.

But what about the incorporation of an arbitration clause of the charterparty into the B/L? This question was raised before the Italian Supreme Court** which held that the incorporation could be effected only by a reference which had a "perfect relation" with the arbitration clause.

The case before the Italian court concerned a shipment of soya seed which arrived seriously damaged in Venice. The consignee asked the Tribunale of Venice to determine whether the seller, the shipowner or the insurer was liable for damages.

Not only the charterparty but also the contract of sale and the insurance policy provided for London arbitration, and all three defendants objected to the jurisdiction of Italian courts. Both the Tribunale and the Court of Appeal accepted the objection, but on further appeal their decision was reversed by the Supreme Court.

Having decided that the claim based on the B/L was not subject to arbitration and should be decided in Italian courts, the Supreme Court held that all three claims should be decided together by an Italian court. That meant a virtual invalidation of the two other arbitration clauses. The court reasoned that both logic and justice demanded that connected suits should be dealt with by the same judge, and that this principle was supported by Article 22 of the 1968 European Judgments Convention. As it was within the power of the court to derogate from the jurisdiction of state courts, it was "logical" that it could also derogate from the jurisdiction of an arbitration tribunal.

The logic may not be immediately apparent, although the solution might have been sensible in view of the delay the plaintiff would suffer if he had to litigate first in Italy and, if not successful, arbitrate later in London.

A. H. Herman
Legal Correspondent

Case 71/73, Partenreederei ms. Tilly Russ v Hoyen & Vervoerbedrijf Nova, FT Business Law Brief, August 1984, p. 12.
†*FT Commercial Law Report, June 6 1984.*
***S.I.A.T. v Société de Navigation Transocéanique and others, Case No. 6035, published in the Yearbook Commercial Arbitration, Vol. IX, 1984, p. 416.*

APPOINTMENTS

Senior posts at Alexanders Discount

Following Mercantile House's acquisition of Alexanders Discount and Jessel Toynbee & Gillett the two companies are to operate under the name of ALEXANDERS DISCOUNT from September 17. The new board will consist of Mr C. J. M. Hardie, Mr M. R. Toynbee (joint chairmen), Mr M. J. B. Todhunter (chief executive), Mr G. L. Blackton, Mr O. N. Dawson, Mr D. P. Fincham, Mr D. C. G. Jessel, Mr R. A. S. Moser, Mr D. M. Newcomb and Mr P. F. P. Williams. Mr D. A. Pease has resigned from the board of Alexanders and Mr W J. Kilpatrick, Mr I. T. H. Logie and Mr N. P. Soskin from Jessel Toynbee & Gillett.

★

Mr Michael Harris has been named as general manager (operations control) designate at GUARDIAN ROYAL EXCHANGE ASSURANCE. He will be responsible for GRE's worldwide operations division and for group development unit. He will be merged as one unit. He takes up his appointment on the retirement of Mr Peter Greenfield at the end of May 1985. Mr Harris is at present GRE's deputy general manager (UK). Mr Dennis Brennan is to become general manager on the managing director's staff with special responsibilities in the areas of worldwide administration, organisation and the promotion of business connections. Mr Sidney A. Hopkins is to succeed Mr George L. Williams as general manager (UK) on Mr Williams's retirement at the end of May 1985. Mr Hopkins is assistant general manager in charge of GRE's UK branch operations. His new responsibilities will include GRE's life operations in addition to its non-life business. Mr John M. R. Evans has been appointed deputy secretary. He was appointed as assistant general manager on the managing director's staff in January 1982.

★

CHASE MANHATTAN has promoted Mr Jean Francois Cornary to executive director in charge of new business for Africa and responsibility for export credit agency business. Mr Philippe Gautier has also been promoted to executive director in charge of the Chase Manhattan Limited SWAPS team and Mrs Linda Hanson to associate director of loan syndications.

★

Mr Ronald Cartwright, chairman of MARTONAIR INTERNATIONAL, will be relinquishing his appointment as group managing director on December 31 but will continue as chairman. As from January 1 Mr Edward Hone will be joint managing director (UK) and Dr Hans Cremer joint managing director (overseas).

★

THURLBY ELECTRONICS has appointed Mr John Cornwell managing director. He was responsible for the instrument, power supply and microcomputer distribution businesses at STC.

★

Mr David Wynne-Morgan, chairman and chief executive of Extet Public Relatinns, the PR arm of Extel Group, will be leaving the company shortly to take up appointments as chairman and managing director of HILL AND KNOWLTON (UK) and chelrman of HILL AND KNOWLTON (CITY).

★

JOHN MAUNDERS CONSTRUCTION, has appoined Mr Jeremy Rowe as non-executive director. Mr Rowe was chatrman of London Brick from 1979 until its acquisition earlier this year by Hanson Trust.

★

BRAHAM MILLAR GROUP has made the following board appointments: Mr Denis Ragg has been appointed chairman. Mr Brian Beazer, chairman and managing director of C. H. Beazer (Holdings) witt continue as a director. Mr Keith C. Ragg, has resigned as a director of Braham Millar; he now becomes the managing director of both principal subsidiary companies: Braham Millar Co and Millars Machinery Co. Mr Roger Shnte, group chief executive of Braham Millar, also becomes group managing director, succeeding Mr Denis Ragg.

★

With the restructuring of the SUTCLIFFE GROUP the following appointments have been made: At John Sutcliffe and Son (Grimsby), Mr J. C. Stringer and Mr A. Surfleet have joined the board. Mr S. A. Selby and Mr L. D. Robinson have been appointed to the board of John Sutcliffe (Sbiping). At Sutcliffe Travel, Mr James S. Sutcliffe, a main board director of John Sutcliffe and Son (Holding)s, and Mr J. A. Wiseman, the group accountant, have become directors.

★

Mr Michael Cook has become financial director of LEASE-CONTRACTS. He has held various finance directorship and treasurer positions at major companies, including Rank Xerox and Nashua Copycat and was, until recently, group financial director of Hanger Investments and a director of various Hanger subsidiary companies, including Interleasing.

★

Mr Kenneth Durham, chairman of Unilever, has been elected a non-executive director of DELTA GROUP.

★

Dr Ivan A. Cermak has become president of ITT TELECOM network systems division. He replaces Mr M. Peter Thomas who has received a new assignment with ITT's communications operations and information services group in New Jersey. Dr Cermak, who is also a vice president of ITT Corporation, was an executive director of ITT's Advanced Technology Center (ATC) in Shelton, Conn.

In his new capacity, Dr Cermak will be responsible for research and development activities, engineering, sales and marketing, and customer services associated with Network Systems Division product lines of switching, transmission and data communications.

CONTRACTS

Logica wins £10m British Telecom order

LOGICA has signed a contract with British Telecom to provide overall technical direction, design supervision and management of software development for British Telecom's customer service systems project. This is claimed to be one of the largest single integrated software projects of its type to have occurred in the UK. The contract is expected to exceed £10m over the three-year project period. The project will undertake development of information support systems to be installed in new district offices. The system covers over 30 application areas such as customer order handling, billing, repair service, stores, accounting, line plant, work management, etc. The development project has a very tight schedule with the first set of applications becoming operational in BT's first "pilot" district in mid-1985 and then spread at the rate of a dozen or more additional districts per year. The latest phase of applications will be completed within 18 months of the first.

★

NORTHERN TELECOM INTERNATIONAL has been awarded three contracts worth U.S.$5.54m (£4.26m) by the Jamaica Telephone Company as part of a five-year plan for the development of its telecommunications network. These contracts are for the installation of fully digital DMS- and DMS-10M switches, and fibre optic transmission systems. The contracts include a DMS-100 (digital multiplex system) local switch in suburban Kingston and five remote switches to serve a total of 8,620 lines. They also cover five DMS-10M switches at Negril, Lucea, Annotto Bay, Falmouth, and Port Maria, to serve 1,872 lines.

★

BERNARD SUNLEY and SONS has a contract for refurbishment of Henrietta House at 255 High Street, Guildford, for Eagle Pension Fund. Valued at £1.2m it consists of refurbishment of a four-storey office building including renovation of the external facades, new windows, internal finishes and replacement of the roof coverings. Sanitary, plumbing, lift, electrical and mechanical services installation together with general works of alteration are included. The gross internal floor area of the building is about 3,000 sq metres.

★

Contracts valued at £2.25m have been won by ASHBY AND HORNER for various projects in London. They include installation of a computer suite at Heron House, High Holborn, WC1, for Hoare Govett and refurbishment of the catering facilities for the Post Office in Grosvenor Place, SW1. In Mayfair, renovation and restoration is to be undertaken on a four-storey family house with staff accommodation in South Street, Mayfair, W1. Ashby and Horner is also to undertake repairs and renewals to three blocks of flats and maisonettes on the Dunboyne Estate, NW3, for the London Borough of Camden, work being carried out with the occupants in residence.

★

WILCON CONSTRUCTION, a division of Wilson (Connolly) Holdings, has orders for over £1.75m work. In Harlow, Essex, Wilcon has negotiated a £763,000 contract to build a 32,500 sq ft warehouse and two-storey offices for Haslemere Estates (Developments) scheduled for completion in March 1985. Crest Estates, Weybridge, has placed an order for an 8,200 sq ft traditionally built two-storey office at Fareham—value £303,000. At Milton Keynes in a design and build contract worth £689,000 Wilcon is to build 29,000 sq ft of factory and offices for Pyrotek Inc. Completion will be in April 1985.

TECHNOLOGY

EDITED BY ALAN CANE

CINCINNATI MILACRON ADOPTS UK SYSTEM FOR MACHINE TOOL CONTROLS

Program skills for the shop floor

BY PETER MARSH

A SMALL company in Surrey, started by a neurophysiologist who once designed office screens for the Post Office, is attempting to become a force in a novel area of control systems for machine tools.

It is an area in which Cincinnati Milacron, one of the leaders in the world's machine-tool industry, has also decided to sell products. Last week the U.S. company announced that to make easier the job of programming its tools some will incorporate control systems that contain IBM personal computers.

Pathtrace, based in Epsom, and the American giant are to compete in the business of selling control systems that can be programmed on the shop floor by relatively unskilled machine operators. In conventional control systems, the programming is done by white-collar software experts in a department in another part of the factory.

Shop-floor programming systems, a relatively new product, account for only about 5 per cent of all machine tool controls, estimates Cincinnati Milacron. They are generally favoured by small companies which want to involva their machine operators with the intricacies of programming.

Big companies, in contrast, often will do all they can to stop their shop-floor staff from interfering with programs, on the grounds that they have expended a lot of effort building up teams that do nothing other than to write software.

Shop-floor systems incorporate special software techniques to reduce the skills needed for programming. They also have display terminals, using which a person can illustrate the shape of the component that he wants the tool to fashion. He then leaves to software routines inside the machine the job of translating this design into a set of detailed instructions for the cutting tool.

This way of programming is easier for machine-tool newcomers to learn than the conventional technique. In this, an engineer must rigorously specify each movement of the cutting tool that will shape an uncut block of metal into the finished component. He then enshrines this into a set of commands that are fed in computer language into the tool.

Conventionally, these commands are put in the programmers' department into a paper tape. The tape is then transported to the shop floor and fed into the control portion of the machine tool.

Apart from making minor editing adjustments, the person who operates the tool would not then interfere with the program. It would be changed only when the factory hierarchy decides to turn out with the tool a different set of products, at which point the skilled programmers would again enter the scene.

Pathtrace, set up 18 months ago by Mr Michael Dalziel-Jones, the managing director, has sold more than 200 control systems at obout £7,800 each. Annual sales are about £1m and the company has just opened an office in California.

Mr Dalziel-Jones, aged 50, knew nothing about machine tools before he started the company with his wife Ingrid. The pair invested in the concern savings of about £30,000 and also obtained a bank loan of some £70,000. Mr Dalziel-Jones had previously been a lecturer in neurophysiology at Surrev University.

Pathtrace was formed after Mr Dalziel-Jones bought a Pet microcomputer to write a university thesis. He became interested in the application of computers to machine tools. Engineers at British Aerospace in Weybridge, where the neurophysiologist was attending a course on management training, helped out with advice on tool technology.

Three of Mr Dalziel-Jones'a fellow directors have a background in engineering. They are Mr John Reed, Mr Robert Townsend and Mr Nicholas Gilbert. The systems sold by Pathtrace are hased on personal computers sold by the British company ACT.

In recent years, many of the world's leading suppliers of machine tool controls have introduced hardware that can be programmed on the shop floor. The companies include Fujitsu Fanuc of Japan and General Electric of the U.S.

Cincinnati Milacron decided that than rather build such a control with purpose-built hardware, it would base a new system on a special factory-hardened version of the IBM personal computer. The machine can withstand high temperatures as well as a certain amount of rough treatment. Software

Michael Dalziel-Jones, managing director Pathtrace, in his Surrey office, holding a machined piece of metal with its intricate design programmed by using the Pathtraca computer.

workers at IBM helped Cincinnati Milacron with some of the development effort.

The new control package, called Cinmill, can be added to machining centres already fitted with a conventional control system. The new unit costs abont £10,000.

Mr James Kroencke, Cincinnati Milacron's vice-president in charge of machine tools for North America, says his company chose the IBM computer because programmers have already produced for it a lot of software. For example, with the machine it is relatively easy to build up on a display screen good-quality images.

Another advantage, says Mr Kroencke, is that to connect IBM machines so they can route data to each other is simple. Thus engineers should find it straightforward to link in factory networks machine tools fitted with controls based on the IBM hardware.

Increasingly, the machine tools in modern factories are connected by a transmission grid so that information is continnally shunted between tha equipment. In this way, for example, a batch of supervisory computers can send to machine tools overall commands (for example about the numbers of parts that managars want turned out) while leaving to programs in the tools themselves the detailed instructions on how the parts should be fashioned.

IBM has demonstrated growing interest in selling computers for automation hardware in factories. For example, with the IBM personal computer, engineers can control the company's range of industrial robots.

As a result of any further collaboration between IBM and Cincinnati Milacron, it may be possible to connect IBM robot with machine tools made by the second company.

Science

Mapping the heavens

ENGINEERS in the U.S. are planning a grandiose space mission to map electre-magnetic radiation from the heavens in the extreme ultra-violet hand between nltra-violet and X-ray light.

The Extreme Ultraviolet Explarer, which the National Aeronautics and Space Administration plans to launch in 1988, will conduct the first detailed examination of emissions in this part of the spectrum. Researchers hope the project will discover new stars and other celestial bodies.

Research

Mysteries of evolution

A DISCOVERY in a salt pond in San Francisco may give scientists new information on tho evolution of human life. Researchers found in the pond trace of an enzyme known as adenosine triphosphatase, which they believe may have been formed in tho early stages of evolntion.

Further examination of the substance may give scientists an insight into the way in which early forms of cell functioned.

The enzyme was discovered by Larry Hochstein of the National Aeronantical and Space Administration's Ames Research Center in Mountain View, California.

Safety

Fire fighting hoses

SOMERSET Fire Brigade is experimenting with a new type of hose reel for dealing with blazes. Dean Reels of Odiham, Hampshire, which makes the hardware, says the reel is easy to rewind after use. Other engineering features reduce the risk of kinks in the hose. Also there is little chance of leakage and pressure loss.

AUTOMATION IN INDUSTRY

Success for robot artificial vision

BY GEOFFREY CHARLISH

A CALIFORNIAN company set up only in 1981, International Robomation/Intelligence, has reached a turnover of $10m annually in robots and vision systems for automation and has just started a subsidiary in the UK.

Altogether the company claims to bave shipped about 150 of these systems, which are oble to indentify objects and make measurements on them in production line and inspection environments.

Earlier this year it was announced that IRI is to supply $60m of vision systems to GMFanuc Robotics (GMF) in the U.S. GMF is a joint venture between General Motors and Fanuc of Japan.

Artificial vision is not yet a widely employed technology in either North America or Europe, largely because of the cost. But the IRI systems are priced in the £12,000 region, whereas £25,000 to £50,000 has been more normal for full-scale industrial systems.

Last year British Robotic Systems introduced its Viking vision system which bad a starting price of £24,500. There has been no lack of academic interest in the UK, with programmes at 17 nniversities and polytechnics at the last count. Visual Machines, Cambridge Instruments, Colne Robotics and Digithurst all offer systems, some of them at a basic level for use with personal computers.

IRI says it is able to provide a robot "with eyes" for about £21,000. Such a system is able to recognise various parts presented in different positions or orientations and direct the robot to pick them np or put them down. The alternative is expensive electromechanical systems that will present the parts in pre-determined locations and orientations for "blind" robots. Frequently says Lawrence Goshorn, president of IRI, this can cost more than putting in a vision system.

Television cameras, solid state storage and a powerful parallel processor are used, which together are able to recognise an object and initiate action in about 150 milliseconds (thonsandths of a second).

Some of the applications in the U.S. bave been somewbat ont of the ordinary. For example, Ore-Ida, a potato chip cooking, freezing and packing company on the Oregon-Idabo border, has had problems in putting the right weight of chip into packs.

The packing units in 10 plants deal with a total output of 10m lb of "French fries" each day. A 10 per cent inaccuracy, sometimes more, in packing can produce losses of several bundred thousand dollars a day. IRI is providing a vision system that will measure the potato chips and deduce their weight as they enter the bag.

Buckley Mears, which makes shadowmasks for colour tubes, found that a vision system could inspect all the 400,000 microscopic holes in the metal foil masks, using a laser scanning technique. The inspection takes several minutes, hut before was considered very difficult for human operators, however well equipped.

In the electronics industry, visual inspection of loaded printed circuit boards can be consistently and accurately carried out by machine vision. Once the system bas been "trained" to identify all the electronic components on the board, it can continue indefinitely, day and night, stopping if it finds a wrong component or one that is wrongly inserted.

Lawrence Goshorn believes some dramatic changes are on the cards for outomation systems, which will soon use machino vision and artificial intelligence working together. Then, robots and other handling or processing equipment will not only he able to see, but will be able to take intelligent action based on its own fund of expert knowledge for that particular industry or task.

At the moment most of the effort is in modifying existing processes and production lines so that robots and vision can be applied.

Within ten years says Goshorn, completely new breeds of production machinery will appear, designed from scratch to be an "expert manufacturer." In the UK, IRI is on 021 744 1331.

Finance

Baking computers

BAKING is o business of fast turnover and low profit margins—the type of business which could benefit from a computer system for recipe costing and general accounting.

Craft baker Ian Hawkins set up Hawkins Bakery Computer Services four years ago and now has programmes designed for bakers running on the IBM XT and the Commodore 96. Now be is adding Computer Automation's Omnix system to the list.

Omnix is o 16 bit microcomputer which can have up to 16 terminals connected to it. The system comes with 1 Mbyte floppy disks, o cboice of Winchester disk and Compnter Antomation's own operating system. More details on 0923 771211.

Databases

Chemical information

UNDER THE Department of Industry's support for innovation scheme is a project for a computer-based chemical information system. This is being developed by the Royal Society of Chemistry which has recently received a £95,000 grant for the project.

The system will be available from January next year to chemical and related industries. It will contain information on 50,000 entries drawn from international trade, business journals and company literature.

It will concentrate on European information and for the first tima give instant access to comments, reports and market intelligence related to the chemical industry. More details from the society at Nottingham University on 0602 507411.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

THE RAILWAY stations in Scotland—all 387—are undergoing long overdue facelifts. Some are turning out to be quite beautiful. Haymarket station in Edinburgh, for instance, has emerged a graceful Victorian building. Others which were just plain, drab and dingy are being transformed into places where people go even if they are not getting a train.

Chris Green, general manager of the Scottish region, believes that bright stations are essential in winning people back to the railways. It sounds obvious, as do a lot of other things which he is doing to breathe new life into Scotland's weary railways. Pulling in the passengers, cutting costs, and giving middle managers more freedom and more responsibility would all seem classic ways of running a demoralised business. But it is not so much that he is doing them, but that he is getting them done quickly. Within BR, that is a small revolution.

Forty-year-old Green took over as general manager in April. He was deputy general manager for a year before that, and had spent three years as chief operating manager in the region. His promotion from graduate trainee, through marketing, operations, and area management, had been swift. He is already being talked about as a future chairman. Since Bob Reid, BR's chairman, has proved the merits of internal appointees, that possibility is not remote.

BR has changed a lot since Green joined in 1965. "You needed silver hair, and preferably a beard, plus 40 years in the operations business before you got near the top in those days. Regional managers were the barons of the railways. But we just can't afford that feudal style of management any more. The competition demands that we get things done. Our competitors are using young, dynamic people with energy and entrepreneurial style, and we must do the same," says Green.

Far from ruffling the feathers of the old guard, Green is earning praise from them. An assistant area manager on the scenic West Highland line says: "This is the first year that we have been given our own publicity budget, and the first time in 20 years that we have had an observation car on some of the Glasgow / Oban trains." Having spent all his railway life keeping just one step ahead of the creeping closure of rural lines in Scotland, he is looking forward to retiring in the knowledge that they have a slightly sounder future now.

Chris Green: Competitors use " young, dynamic people with energy and entrepreneurial style . . . we must use the same "

Getting up a head of steam

BR's new general manager in Scotland is making things happen. Hazel Duffy reports

Sitting in his Glasgow office which boasts a huge oil painting of the Forth rail bridge—the finest monument to Scotland's railways—Green does not dwell on problems. He prefers to talk about programmes to remedy the problems.

The region, with 2,676 track miles (4,781 before the Beeching cuts in the 1960s), is the smallest in BR, although it covers the largest geographical area. It takes considerably longer to travel from Carlisle, just south of the border, to Wick in the north-east of Scotland, than it does to travel from London to Carlisle.

Large parts of the country have been left without railways, not only in the north but also in the border region. This is being remedied to some extent by bus services being integrated with rail services, with through ticketing, but this works only when the bus companies do not see themselves losing long distance business as a result.

Running the railways in Scotland in some respects, however, is easier than other regions. Green, who is not a Scot, is quick to recognise that he can exploit the pride that the Scots have for their railways, even if they do not use them enough. "I have a natural and a national border," says Green. "The staff, the public, identify more with a small, personal railway. There is enormous public goodwill. Most of the letters I receive have positive rather than knocking suggestions. And I think I can have a more sensible relationship with the unions.

"Ten years ago, contact with the unions would have been only through industrial relations managers. Now the business managers, operating or whatever, liaise direct, with industrial relations people backing up."

Backing from the unions is necessary for much of the cost cutting programme, needed to compensate for a pending reduction in subsidies. Investment, running at £25m this year (£8m in 1982 and £16m last year), must be matched by reduced manning. For Strathclyde the plan calls for one person operation of suburban trains, new signalling which will do away with 57 signal boxes, and automatic ticket issuing on stations. Scottish stations were among the first on BR to go in for open stations. This does away with barriers, ticket collection being carried out on the train. The main aim was to make train travel more personal—boxes of flowers taking the place of draughty ticket collectors' boxes—and cut down fraud. But it has also cut jobs.

The jobs of 18 signalmen have gone in another Scottish experiment which is the installation of radio cab contact on part of the remote rural single track line which cuts across from Inverness to the Kyle of Lochalsh. The system took just two years to devise, and replaces the Victorian "token" system which is standard on single track. Two signalmen now do the jobs of 20.

Other ways of meeting Green's aim of halving the costs on the rural lines include the replacement of every second wooden sleeper instead of every one, and making rails which were due to be scrapped in two years' time stay in place for another 20 years. "We were using Rolls-Royce—well, perhaps Cortina—rules when we could manage with bicycle rules," says Green.

The most extreme of the Serpell report options gave Scotland no railways north of Edinburgh and Glasgow. The reality is not as bad, but all the lines except those linking the main centres are vulnerable. They are not all tourist lines—freight between Glasgow and Fort William is the line's bread and butter—but tourists contribute the cream. They have to be wooed from their motor cars, however. This year, steam has returned to some of Scotland's railways—the drawback was that the sparks set light to the tinder dry countryside. Next year, "vintage" diesel locomotives are expected to be hauled out to tempt the fickle tourists.

Green is more than happy to let a lot of ideas be implemented without his knowledge. He wants to break down the chain of decision-making which slowed up programmes sometimes by years. One method has been to create business groups, which bring together the area engineers—civil, mechanical and signalling—with the sales and operations managers. They are then given a line to do as they want, a financial target, and a balance sheet.

One such group decided to increase services, set fare levels, polish up their stations, etc. to stop the decline in passengers. It worked. "I shall hang them at the end of the year if they are not successful, however," says Green.

Another group opened a station without reference to Glasgow. "That would have been almost deserving the sack a few years ago." Another group in the Elgin area commandeered a High Speed Train and laid it on to connect with the Inverness train in a bid to drum up business.

Revenues from freight and passenger traffic were down badly after the rail strikes of 1982 and are still only four-fifths of their 1981 levels. The erosion of Scotland's traditional industrial base bodes ill for the railways. "I want people making steel girders in Motherwell, not bits of computers," says Green. The movement of coal to power stations is less important than south of the border, because of the high proportion of nuclear-generated and hydro-electric power in the country.

The important business of moving coal and iron ore into Ravenscraig steelworks is threatened by the upheavals of the miners' strike. Green says: "It is much cheaper to move it by rail, but the competition has shown that it can be moved as efficiently by road. I do not think we shall see all the business coming back to the railways."

Apart from the Edinburgh to Glasgow route, all of Scotland's railways fall into the provincial category which makes them eligible for a £46m slice of the annual £900m-plus PSO (Public Service Obligation) paid by the government to BR. This will be cut to £41m by 1986-87. Scotland's suburban railways in the Strathclyde area also receive nearly £29m from the regional council in annual subsidy.

The government wants to cut its subsidy, and so does Strathclyde. Competition from comfortable coaches plying Scotland's relatively underused *motorways* and trunk roads make it difficult to put up rail fares on long-distance routes like Glasgow to Aberdeen and Inverness where the coach competition bites hardest. At one stage, three coach companies were operating between Inverness and Thurso in the far north and wrecking the railway's economics. Fare cuts, marketing, and even gimmicks like puzzles for children handed out airline style are helping the railways to fight back. On the Glasgow suburban routes and elsewhere in the Strathclyde region, councillors and Green believe that the government's bus competition policy could wreck their plan to reduce costs and thereby the council's subsidy.

Green's five-year objectives for the region are to increase passenger miles by 2 per cent, cut costs by 2 per cent, and reduce staffing by 10 per cent. They sound modest targets until it is remembered that all the indicators have been going the other way. Will Green be there to see if he has met his objectives?

"I like continuity. I should like to see through the electrification programme, for instance. And the railways now are as stimulating as any major company. That was not the case 10 years ago, but now we know the targets which we are working towards. Most of my life is spent learning how to achieve the target rather than learning what the target is going to be."

Logistics

A creeping cost

AGGRESSIVE competition and demanding customers are forcing companies to examine the efficiency of their materials flow, a leading management consultancy claims in the latest issue of Harvard Business Review.

Graham Sharman, a director in the Amsterdam office of McKinsey & Co., says many managers are discovering that their logistics systems, which were designed for the relatively stable conditions of the 1960s and the early 1970s, have grown "dangerously obsolete."

Even within a single industry, he says, there are vast differences between best and worst practice. "The laggards, wallowing in inventories, pay a considerable penalty at today's high level of real interest rates. More significantly, they operate at a marked competitive disadvantage."

In days past, he writes*, overall competitive ability had little to do with mastery of logistics. "Today, in an era of shrinking product life cycles, proliferating product lines, shifting distribution chains and changing technology, mastery of logistics has become an essential ingredient of competitive success."

But, as always, managers only start paying attention to an ailing logistics system late in the day, he says. He believes this is partly because the incremental nature of the problem masks cumulative effect and because cross-functional activities like logistics normally lack a voice in top management.

The real culprit, he says, is managers' perception of logistics as just a fancy name for physical distribution — everything that happens to a product from the time it leaves the factory until it arrives at the customer's premises.

"This view seriously underestimates the costs of moving and storing semi-finished goods and altogether ignores the expense of necessary planning and computer systems. Worse, it obscures the reasons for poor delivery, high finished-goods inventory and rising transport costs."

Sharman concedes that those managers who subscribe to the "logistics equals physical distribution" equation may succeed over the short term in cutting finished-goods inventory, "but they will not address upstream structural problems until a rash of stockouts or late deliveries finally makes them pay attention."

In his experience transport and handling costs were the most visible and best controlled. He says that companies usually had a good idea of what these costs amounted to, although the way companies allocated them to different products and customer groups was often largely guesswork.

Costs associated with inventory were most often underestimated. He says that the annual cost of holding stock could run as high as a third of its value at current interest rates.

Sharman adds that the least obvious and, hence, most often ignored area of saving was associated with staff and computer costs in running a logistics system, including the costs of forecasting demand, planning factory loading, procuring materials and processing and dispatching orders.

He estimates that in a manufacturing business these logistics costs may total between 10 per cent and 30 per cent of *sales—a figure which is often* double the company's estimate.

Sharman says that the only way to optimise materials flow is to handle logistics in an integrated fashion. Using a co-ordinated approach a number of companies have achieved cost reductions of anything from 1 per cent to 3 per cent of sales without degrading customer service levels.

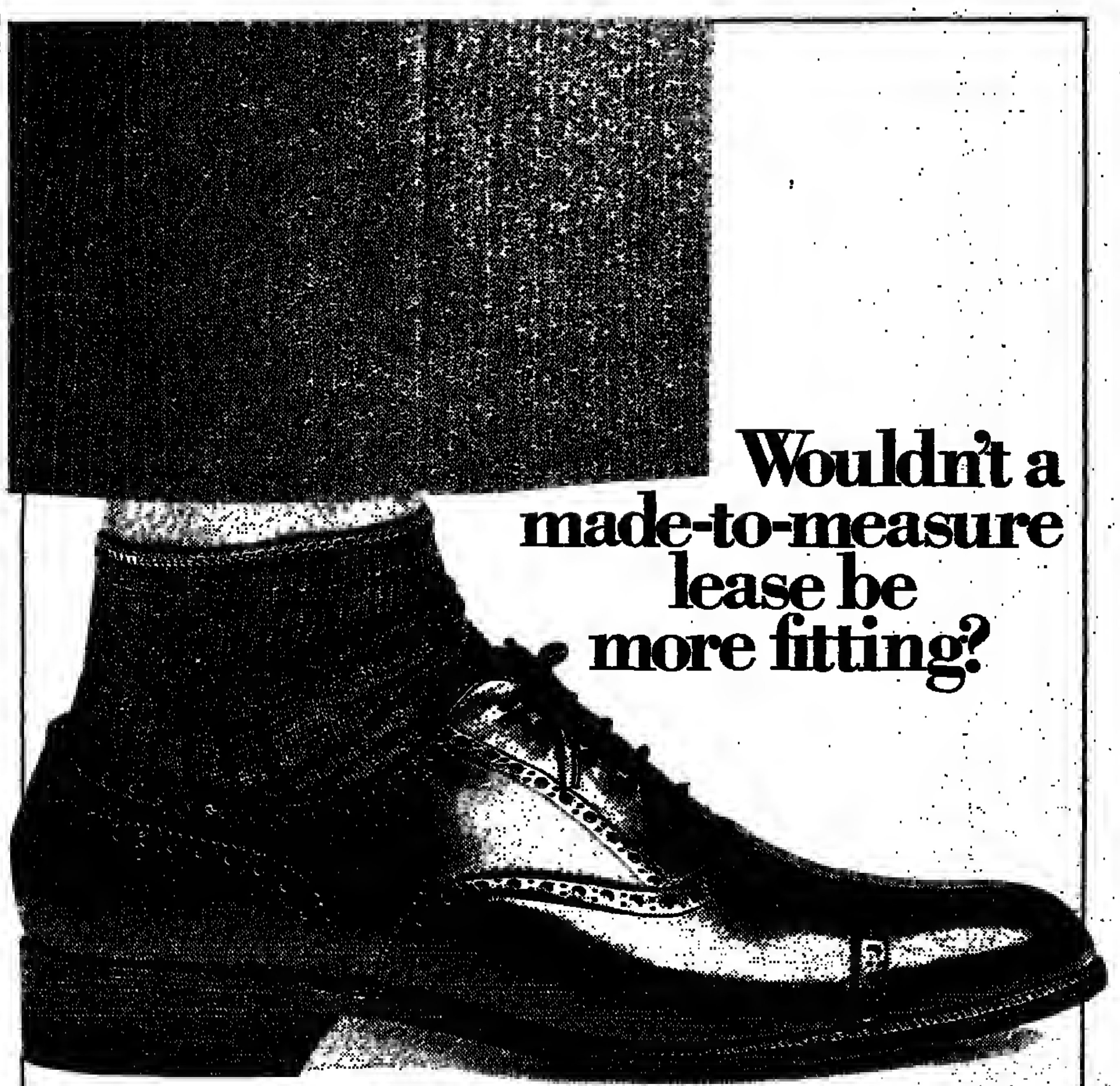
The most obvious route to better logistics performance was to employ traditional cost reduction methods such as disposing of dead stocks, policing minimum order-size rules and cutting warehousing costs.

The more radical routes were to redesign and rebalance the system to prevent the inflation of buffer stocks.

"Today's managers, preoccupied as they are with more immediate challenges, logistics may seem an unlikely battleground in the contest for future competitive advantage. But it is, indeed, where much of that battle will be fought," says Sharman.

**The Rediscovery of Logistics. HBR September-October 1984, Boston, MA 02163, USA.*

Arnold Kransdorff



THE ARTS

Arts Week

F | S | Su | M | Tu | W | Th
14 | 15 | 16 | 17 | 18 | 19 | 20

Theatre

NEW YORK

Sunday in the Park with George (Booth): Not your conventional musical. Stephen Sondheim's latest is an inspired pairing with director and playwright James Lapine to bring George Seurat's painting to life, with Mandy Patinkin as the painter and Bernadette Peters as his imagined girlfriend, Dot. (2396262).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (2396262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (9779020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (9449450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (2396200).

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (9776370).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organisation has generously decided to name the theatre after the generation's outstanding box-office draw. (7576646).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (2396200).

Noises Off (Brooks Atkinson): Dorothy Loudon brings Michael Frayn's backstage slapstick farce to Broadway in Michael Blakemore's production that includes Brian Murray, Paxton Whitehead and Victor Garber as her backstage conspirators. (2453430).

The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, directed at a fast clip by Mike Nichols. (2396200).

Glengarry Glen Ross (Golden): The Chicago cast from the Goodman Theatre provided David Mamet with a Pulitzer Prize for his latest work that pits fast-talking real estate salesmen against the world and each other. (2396200).

Death of a Salesman (Broadhurst): Five weeks has been added to the Dustin Hoffman production, directed by Michael Rudman, to show the star's ability to skip middle age and shuffle on stage like the pathetic little loser Arthur Miller wrote about. Ends Oct 10. (2396200).

WASHINGTON

Master Class (Eisenhower): David Pownall's thoughts on tyranny and artistic freedom as filtered through the game of Stalinist Russia starts its American run at the Kennedy Center. Ends Oct 20. (2543670).

Zorba (Opera House): Anthony Quinn makes the theatrical production, which co-stars Lila Kedrova and gets a rousing lift from the bouzouki score by John Kander and Fred Ebb, directed by the film's director, Michael Cacoyannis. Ends Oct 14. Kennedy Center (2543770).

TOKYO

Cats (Cats Theatre): The special tent theatre, excellent set, good dancing and Kabuki-derived movement make the Japanese version worth seeing. Shiki Company, directed by Keita Asari. (3201001).

Kabuki (Kabuki-za) September Grand performances consist of a miscellany of 19th and 20th-century plays, highlighted by an ensemble of Kabuki's most famous actors. Matinee includes one act of Yoshitsune Senbonzakura and two of Ise-ondo Koi-no Netaba. Evening: Scenes from Shogun Edo-o Saru, and Asagao Nikki. (5413131).

LONDON

Little Shop of Horrors (Comedy): Campy off-Broadway import which is less good than The Rocky Horror Picture Show but which has a curious charm and an exotically expanding man-eating prickly plant. (9302578).

Roger Rees as Hamlet and Brian Blessed as Claudius at the RSC, Stratford

cy sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (4371562).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rustling around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (8348184).

Measure for Measure (Barbican): Juliet Stevenson as Isabell confirms her promise as the RSC's brightest young actress, a worthy successor to Ashcroft and Dench, in Adrian Noble's resplendent production. (6288795).

West Side Story (Her Majesty's): Classic musical returns to its original London home with a fresh young cast of good singers and dancers. The thrills and spills of Bernstein's score and the Robbins choreography remain breathtakingly intact. (9306606).

Wild Honey (Lyttelton): Michael Frayn has reworked Chekhov's first play, usually known as Platonov, into an engagingly hilarious farce. This superb dramaturgical feat has Ian McKellen giving a brilliant performance at its centre and a shimmering design by John Gunter. The superb direction is by Christopher Morahan. (9282252).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic with Makarova lifting her heels behind her ears and finding a brilliant opposite number in Tim Flavin. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (4376834).

Aren't We All? (Haymarket): Rex Harrison and Claudette Colbert in a meagre rarity by Frederick Lonsdale. Miss Colbert defies the march of time and still wears her hair the same way, with bangs. (9309832).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (8368108).

American Buffalo (Duke of York's): Al Pacino on a flying visit in the David Mamet play in which he plays a hoodlum habitué of a junk shop and gives an extraordinary exhibition of sustained manneristic acting (8365122).

A Little Hotel on the Side (Olivier): New in the National's repertoire is John Mortimer's felicitous translation of Feydeau's farce better known as Hotel Paradiso. Benjamin Whitrow is a deliriously funny stuttering. Graeme Garden an adroit farceur. Confident, robust production by Jonathan Lynn with good designs by Saul Radomsky (9282252).

Pack of Lies (Lyric): A decent, enthralling play about the breaking of a spy ring in the suburban Ruislip of 1959-60. Hugh Whitemore's script cleverly constructs a drama about betrayal from the friendship of neighbours. The story is based on fact and well directed by Clifford Williams. (4373686).

The Real Thing (Strand): Jenny Quayle and Paul Shelley now take the leads in Tom Stoppard's fascinating complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (8362660/4143).

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hock-

The new season at the Théâtre Royale de la Monnaie, Brussels, (2181211) starts next month with Don Giovanni, conducted by Sylvain Cambreling, with Jose van Dam in the title role and Stuart Burrows as Don Ottavio. It is followed in November by a visit by the Schaubühne am Lehniner-platz, Berlin, with Die Neger based on the play by Jean Genet. At the end of October and the beginning of November, there are two Mozart operas, Cosi fan tutte and The Marriage of Figaro. For the Christmas season there is The Damnation of Faust with Jose van Dam as Mephistopheles and a reprise of Pelleas and Melisande in the last week of the year. Most of the season tickets have already been sold and so early bookings are advised. JULIET BOURGOUIN.

Opera and Ballet

PARIS

Claude Bellif: Dracula, Compagnie Alain Germain Musique Oblique conducted by Michel Swierczewski. Text by Viorel Stefanescu, choreography and production by Alain Germain. The world premiere of Bellif's modern version of the ancient Dracula legend. (Wed, Thur 8.30 pm), Théâtre de Paris (2800930).

Jacques Offenbach: La Perichole at the Théâtre des Champs Elysées (7234777).

WEST GERMANY

Berlin, Deutsche Oper: Premiering this week is Das Rheingold, the first production of new Ring cycle by Götz Friedrich. It brings together Wagner specialists Cheryl Studer, Diane Curry, Simon Estes and Matti Salminen. Madame Butterfly has fine interpretations by Yoko Nomura and Volker Horn. Simon Boccanegra has Renato Bruson and Martti Talvela in the main parts. Der Troubadour, conducted by Herbert von Karajan, rounds off the week. (34381).

Hamburg, Staatsoper: Der Troubadour has Natalia Troitskaya, Eva Randova and Lajos Miller, Boris Godounov, produced by Kurt Horres, a new production this month, stars Kurt Moll in the title role. Pelleas und Melisande features Ryland Davies, Roland Hermann and Marianne Hirsti. (351151).

Cologne Opera: Premiering, Die Verkaufte Braut, produced by Rudolf Noelte. Josef Protschka makes his debut as Hans. The programme also includes the acclaimed television production of La Cazza Ladra, sung in Italian, with Alberto Rinaldi and Janice Hall. (20761).

Frankfurt, Opera: Cav and Pag is a gala performance with Elena Obraztsova, Vladimir Atlantov and Yoko Watanabe. It is conducted by Guiseppe Patane. Eugen Onegin is newly produced by Alfed Kirchner with Helena Döse and Margit Neugebauer. (25621).

NEW YORK

New York City Opera (New York State Theater): A full week of mixed repertoire returns with Madame Butterfly and Turandot conducted by Christopher Keene, Rigoletto conducted by Mark Flint, and The Rake's Progress in a new production designed by David Hockney, conducted by Christopher Keene and starring Erie Mills, Joy Davidson and Jerry Hadley. Lincoln Center (8705570).

CHICAGO

Laura Dean Dancers (Goodman): The season's dance series opens with the popular contemporary company whose mixed programme includes three local premieres. (4433800).

MoMing Dance Centre: The centre's 10th anniversary has inspired a festival that kicks off with choreography and dancing by Jan Bartoszek, Jan Erkert, Amy Osgood, Charlie Vernon. 1034 W. Barry (4729894).

VIENNA

Staatsoper: Lucia di Lammermoor with Gruberova and Bonisolli; Salome with Armstrong; Don Giovanni; Der Rosenkavalier with Janowitz, Fassbänder and Rysanek. (5324/2655).

Volksoper: Merry Widow conducted by Rudolf Bibl; La Bohème; Hello Dolly. (5324/2657).

Music

LONDON

London Symphony Orchestra and Chorus conducted by Richard Hickox with Oscar Shumsky, violin and David Wilson Johnson, baritone. Walton and Elgar. Barbican Hall (Tue). (6388891).

London Mozart Players conducted by Jane Glover. Mozart. Royal Festival Hall (Wed). (9283191).

Marcus Dods Memorial Concert; London Concert Orchestra conducted by Sir David Willcocks with soloists including Josephine Barstow, soprano and Malcolm Binns, piano. Rossini, Mozart and Faure. Barbican Hall (Wed).

London Soloists Chamber Orchestra conducted by David Josefowitz. Bach, Mozart and Schubert. Queen Elizabeth Hall (9283191).

Tate Chamber Orchestra with Richard Studt, director and violin and Jack Brymer, clarinet. Grieg, Mozart and Vivaldi. Barbican Hall (Thur).

PARIS

Jean-Louis Steuerman, piano: One hour with J.S. Bach (Tue 6.30pm). Sorbonne, Amphi Richelieu, Metro Luxembourg (5491485).

Paul Kuentz Orchestra and choir: Mozart, Françaix, Vivaldi, Telemann (Tue 9pm). Saint-Severin Church (6335781).

Paris Chamber Music Festival – Schumann (Thur 8.30pm), Beethoven (Wed 8.30pm). Billettes Church, 24 Rue des Archives. Tickets on arrival.

Nouvel Orchestre Philharmonique conducted by Marek Janowski, Lynn Harrell, cello: Britten, Schumann, Beethoven (Thur 8.30pm). Théâtre des Champs Elysées (7234777).

ITALY

Stresa: 23rd International Festival (mainly chamber music) in a pleasant setting on the banks of Lake Maggiore: Teatro del Palazzo dei Congressi: The pianist Andrea Lucchesini playing Clementi, Schumann and Chopin (Mon). Orchestra of the Teatro Regio in Turin conducted by Milan Horvat with the flautist Severino Gazzelloni and soprano Ursula Reinhardt-Kiss, Mozart and Mahler. Festival box office: 31095 or 30450.

VIENNA

The Broadlands Singers, hymns and folksongs from England at the Karlskirche (Mon).

Peter Planyavsky organ, Brahms, Bohm, Bach, Reger and his own work. Stephansdom (Wed).

Andreas Ebs, piano, Johanna Ziegler, violin, Mozart, Schubert, Prokoviev. Bosendorfer Saal (Thur).

BRUSSELS

Palais des Beaux Arts (512 5045): Mahler, Sibelius (Sat).

Rotterdam Symphony Orchestra conducted by James Conlon with Murray Perahia, piano, Beethoven, Liszt (Wed).

Belgian National Orchestra conducted by Mendi Rodan with J Vanden Eynden, piano – Laporte, Ravel, Mahler (Thur).

TOKYO

Little Consort Amsterdam playing medieval musical instruments in concert of improvisation and medieval music. Gagaku-No Tomo Hall (2252115). (Tue).

Ensemble Orchestra de Paris conducted by Jean Pierre Wallez with Setsuko Iwasaki, piano. Mozart, Faure, Florentz. Shinjuku Bunka Center (4612500). (Wed).

Toho Memorial Orchestra, conducted by Seiji Ozawa. Mozart, Schumann, R. Strauss. Tokyo Bunka Kaikan (5111899). (Mon, Tue).

NHK Symphony Orchestra. Conductor Jiri Belohlavek with Shinya Koide, flute. Novak, Blodek, Dvorak, Janacek. NHK Hall. (Wed, Thur). (4651780).

WASHINGTON

National Symphony (Concert Hall): Rafael Frubbeck de Burgos conducting, Emanuel Ax piano: Beethoven, Brahms (Tue); Fruhbeck de Burgos conducting, Nathan Milstein violin. Copland, Kodaly, Tchaikovsky (Thur). Kennedy Center (2543776).

Exhibitions

TOKYO

Chinese, Korean and Japanese Ceramics: (Matsuoka Museum of Art): 160 Chinese masterpieces, also Korean Celadon and examples of Japan's best-known styles. Interesting to see these close relatives in the same exhibition. Note particularly the beautiful form of the Korean pieces. Ends Sept 30.

NEW YORK

Metropolitan Museum of Art: Te Maori begins its U.S. tour showing the native treasures of New Zealand, with a rich Polynesian heritage of stone and ivory ornaments, bone and stone weapons and wood carving. Ends Jan 6.

Whitney Museum: Along with an exhibit of 200 acquisitions in the print department over the past decade, the museum has eight programmes of 50 films by independent film makers in their early days from 1958 to 1964, including classics like Scorpio Rising and The Connection. Ends Oct 17. (570 3676).

PARIS

Marc Chagall – to celebrate the 97 years of the artist, whose paintings have lost nothing of their poetical magic. The floating figures remaining dreamlike, the jewel-like colours as mysterious as ever, there are, until the beginning of October, three simultaneous Chagall exhibitions. 200 works on paper – drawings and gouaches are being shown at the Centre Georges-Pompidou, Paris (2771233). 85 paintings at the Fondation Maeght in Saint-Paul-de-Vence (93 328163), and stained glass, sculptures and mosaics at the Musée Message Biblique in Nice. (93 817575).

WEST GERMANY

Karlsruhe, Badisches Landesmuseum, Schloss: *Portraits on Glass and China* has 200 glasses, jugs and cups with depictions of princes, commoners and artists from between 1710 and 1930. Ends Oct. 14.

Hamburg, Kunsthalle, 1 Glockengiesserwall: George Cruikshank, the British social critic, is presented here with 178 satirical etchings and lithographs. Ends Oct 7.

Düsseldorf, Tonhalle, 4 Ehrenhof: Americans in Glass, is for the first time in West Germany, with mostly abstract works on and with glass by contemporary U.S. artists. Ends Oct 28.

ITALY

Venice: Amid continual justified complaints about the impossibly short and inconvenient opening hours of most Italian museums and art galleries, the Guggenheim Collection, from having been one of the least accessible, has become the most – and will now be open every day (except Tue) from 12 to 6pm (also Sat from 6 to 9pm free of charge). The Saturday evening opening is the result of an agreement between the Solomon Guggenheim foundation of New York and Montedison.

VIENNA

Treasures of Dusseldorf Art Museum: A cross-section of German artistic development throughout the nineteenth century. *Prussian castles* to a louche but inviting beer-hall and many scenes from everyday life. Calm and prosperous family groups hang amid other portraits and landscapes that are majestic, moving or even witty. *Kunstlerhaus*, Vienna. Ends Sept. 30.

BRUSSELS

The Age of Stonehenge presented by the British Council in collaboration with the British Museum and the City of Tournai. Covering the Late Neolithic and Early Bronze Age (3000-1500BC) the exhibition includes the mold gold cape, the Folkton decorated chalk drums, gold from early bronze age Wessex and the Rillaton gold cup loaned by Britain's Queen. Comparative material has also been loaned by France, Germany, the Netherlands and Switzerland. Grande Place, Tournai, ends Oct 18. (189/222045).

Galerie d'Egmont. Paintings by Pagarusha, ends Oct 3.

Victor Bannerjee and Swatilekha Chatterjee in "The Home And The World" and John Lynch in "Cal"

Cinema/John Pym

Love in a divided country

The Home and the World, directed by Satyajit Ray
Cal, directed by Pat O'Connor
Racing with the Moon, directed by Richard Beojamin
Daughters of Darkness, directed by Harry Kümel

Bengal soon after partitinn: the distant thunder of civit disorder. The anti-British Swadeshi movement is mobilising. Meanwhile, on a traquil country property, Nikhil, a cultured, disinterested, western-educated Hindu, proposes lo conduct a double-edged experiment. As a lest of her love and also to release ber from suffocating tradition, Nikhil persuades Bimala, his wife of ten years, to cross the bridge from the purdah quarters to the public apartments of his cool, palatial home.

She is introduced to another man for the first time: Sandip, Nikhil's childhood friend, a Swadeshi zealot. Nikhil smiles when she joins the movement. She bas her own mind, can hold her own with Sandip from their first conversation. Sandip instals himself ln the home; soon he burns for Bimala, and she, not knowing what bas overtaken her, for him. The scales fall from Nikhil's eyes. Having retired into a contemplative life—he tried the Swadeshi precepts of self-sufficiency and found them wanting—he is forced to act. If he expels Sandip, he denies Bimala her newly granted freedom; if he does not, he risks losing her.

Satyajit Ray first considered adapting Tagore's novel *The Home and the World* more than thirty-five years ago when be was the employee of a British advertising agency. A "Hollywoodish" screenplay was written but mercifully abandoned. The present film was started in 1982, but delayed by the director's illness and finally completed with the help of Ray's son. It is all of a piece, but there are signs of strain. The formalism (each character bas his say) is a shade forced, and some scenes outside the house (a raid on a treasury, for example) a sbade awkward. And there is, be prepared, an awful lot of talking.

But *The Home and the World* is still unmistakably the work of a master. Ray can still communicate, despite a deepening pessimism, his passimate belief in the need for buman tolerance. As with the late Renoir, matters bave been pared; and when Nikhil comes to take his stand, tries to undo Sandip's revolutionary mischief, pleads for nnderstanding between the Muslim tradesmen and their Hindu masters, he speaks straight from the heart. He speaks for Ray today in Bengal, as he spoke for Tagore, disillusioned with Swadeshi, in 1912.

When Bimata finds the courage to confess her deceit, Nikhil forgives ber, simply, at once: everyone, be knows, even Sandip, has his reasons. When he himself finds the strength to act, to intervene as a peacemaker in a sectarian riot, he seems to sense the futility of his sacrifice. He makes no bones about it, however, and leaves the home to face the world with self-effacing dignity.

Although the film as a whole lacks the graceful fluidity of its director's middle period, it does contain beart-stopping moments reminiscent of Ray at his very best. Nikbil declines to ask the tradesmen in his market to stop selling cbeap foreign *goods*: they *cannot* afford it. But be sees Sandip's point. Nikhil runs a band over Bimala's French perfume bottles and asks if she, a member of Swadeshi, has it in her to *dispense* with them. He knows at beart she should (and that in a sense until she can India will never be free), and yet he knows too why she cannot.

The players are first rate. The urbane Victor Banerjee is Nikhil, his eyes not on the things of the world, and Soumitra Chatterjee, cast against type, Sandip, whose eyes could, it seems, transfix any woman. The stage acress Swatilekha Chatterjee, Bimala, has been ethereal quality of some of Ray's earlier heroines. She is no Charulata, to be sure, but she has a mature beauty and four-square presence which seems to me exactly right.

The Home and the World is the tast film in which the late Jennifer Kendal appeared. She plays Miss Gilby, Bimala's English teacher and singing mistress, and the role brings to mind her perfectly judged performance as the Anglo-Indian teacher, staying on at 36 Chowringbee Lane, sustained by Shakespeare, ber memories and her cat, Sir Toby, slighted by ber former Indian pupils but nevertheless indomitably determined (like Satyajit Ray) not to submit to the world's wickedness.

*

The Home and the World opens with Nikhil's funeral pyre and Bimala's *voice* recalling the events leading to his death. *Cal*, another story of the effects of partition, an adaptation by Bernard Mac Laverty of his own novel, opens with the night killing on own doorstep of a Protestant policeman, the unexpungable nightmare of Cal, one of bis killers.

Produced by Stuart Craig and David Puttnam, and directed by Pat O'Connor, *Cal* is the first British-financed feature to bave made measured use of the present Irish troubles. The Provisional commander, a teetotal schoolmaster given to quoting Pearse to justify his bloodletting, ls an old-fashioned demon; but on the whole both sides of the sectarian divide are allowed their reasons. As in another recent Irish feature, Kevin Billington's unjustly neglected *Reflections*, the countryside is authentically rainswept and the policeman's large draughty bouse—where youn Cat comes to seek forgiveness of his widow has the feet of having been lived in by people trapped by the past, incapable of change.

The film is at its best when it avoids the obvious — the Orange marches, the hold-ups, the running of Army roadblocks — and makes its points obliquely. One telling scene has Cal, whosset pfrospyluely.SHR Cal, whose prospects are zero but who derives comfort from his guitar, gazing resignedly at the carefully manicured fingernails of his right hand before again scrabbling in the earth of a potato field. He may, having finally found a job, earn enough for a plectrum, but not to escape from bis inheritance.

John Lynch, as the long-faced, inexpressive Cal, and Helen Mirren, as the widow, a Roman Catholic, who had fallen out of love with her busband before his death and who takes the boy to bed for companionship's sake, both bave a solid understated conviction. Theres is a small tragedy *of two people*, neither exactly innocents, blown together by fate in cruel times, but a tragedy none the less, and an Anglo-Irish co-venture which, one hopes, will pave the way for others of equal integrity.

*

Treading a more well-worn path is Richard Benjamin's *Racing With the Moon*, an *unsurprising* yarn about a luguorious youth, Hopper (Sean Penn), soon to be conscripted to fight the Japanese, and his eve of departure romance with Caddie, who hails from the big bouse, but is not it transpires, a "Gatsby girl." The boy's less sensitive pal needs money for an abortion. Fearing the loss of Hopper, poor confused Caddie (Elizabeth McGovern) is about to pinch some jewels when. . . . The setting is handsome Northern California; and matters are winsomely sorted out by the time Hopper and his friend bave to race for the train which will carry them to the fictional war.

*

A revival of Harry Kümel's *Daughters of Darkness* offers devotees of old-fashioned vampirical nonsense the chance to renew a most agreeable acquaintance with Ielphine Seyrig's ageless Countess Bathory who sets her tonging eyes on the *newlyweds in a cavernous*, apparently empty, offseason grand hotel in rainy Ostend. Languid, outrageously got up, exuding a velvet charm, which stops just short of self-parody, the *Countess is among the most* plausibly welcoming of ber clan. The picture itself is pacy and unexpected and, despite its silliness, still stylisbly entertaining.

Sean Penn in "Racing With The Moon"

Music videos in the U.S.

Frank Lipsius

Fans of *Top of the Pops* know that music videos are not new, but all the years of being on the BBC gave little indication of the phenomenon they would become in America. If not a new art form, they are definitely stretching the bounds of different *media*, *making* combinations of sight and sound with varying degrees of success but always new surprises.

Even *Carmen* has now been given a three-minute version to fit the television format, joining such recent variations as fashion video for designers to display their new seasons. Norma Kamali's *I've got shoulderpads for my man to cry on* shows the autumn and party line for a designer who features women's clothes with, what else, padded shoulders.

The motor driving this artistic vehicle is the popularity of *MTV*: Music Television. One of the first cable channels to make a profit, MTV is a 24-hour American rock video station with a new form of presenter, a "vidjock," and non-stop pop music. Thanks to *Top of the Pops*, British artists had videos for American viewers before local artists started making them, turning acts like *Duran Duran into top stars after* previous American outings had been failures.

It was not long before American artists and their record labels routinely invested $40,000 (averaging $10,000 a minute) to make videos of their records. Videos that were not being shown on MTV cried foul, though MTV claimed its audience wanted what it was playing. Anyone else could try his own format, an invitation MTV may live to regret with the arrival of cable entrepreneur Ted Turner and his MVN: Music Video Network.

Aiming at a larger playlist with no suggestiveness or beavy metal, MVN wants to reach 25 to 40-year-olds rather than MTV's 13 to 24-year-olds. The difference will open videos to a new kind of artist who appeals to an older audience.

Among the first of the older crowd to try out videos is Bob Dylan. "I had the hardest time getting him to look into the camera," *claimed his* producer, *advertising* creative-director George Lois. It is not the way Dylan is used to selling records, but shy as be is personally, he has always been ready to try *new music*, as he did with electric instruments, to the consternation of his original hippy fans. With the video, he wanted to do it before he knew what to do. Lois took the initiative. "Bob had a pile of 300 video scripts and didn't know how to choose one. I said, 'Send me the record,' I ignored the scripts." It was Lois who chose to do the video for *Jokerman* in Dylan's album *Infidels*.

He got Dylan's permission to interpret the song for himself and found a specific meaning in it: "Jokerman is death. Everything comes down to everybody's life passing by so quickly: incredibly poetic and painful . . . I married his words to incredible visions" – Michaelangelo's David, Dürer's self-portrait as The Redeemer, Munch's The Scream, Milton Glaser's Dylan profile that was given away in the sleeve of an early Dylan album. DC comics were also used because of their "Joker" character.

Lois insisted on putting the lyrics across the screen. "I told Bob, 'I love Michael Jackson, but the difference between you and Michael Jackson is your lyrics.' Could you print, 'Beat *it*, beat it, beat *it*' *on the* screen?"

Art schools furnished a whole generaboo of pop stars (apart from Mick Jagger, a product of the London School of Economics). Even Bette Midler used famous paintings by Van Gogh, Degas, Picasso, Kandinsky and Licbtenstein to illustrate the theme of *Art or Bust*, her bour-long concert on the pay cable HBO channel, "What is beauty but an endless struggle against chaos and bad jokes?"

Creative directors like George Lois will continue to make music *videos if they find musicians they* want to work with. The remaining curb to an explosion in their number and elaborate production is their exclusive use for promotion. They have not yet hit a format in which to be sold in large numbers direct to consumers. The price of making the videos is higb for a four-minute promotional exercise, especially compared with what *might* be invested if they could be sold. Were the best to be combined on a single tape, for instance, they would justify more expensive and lavish videos as they produced their own reveoue.

The only way so far to make videos pay for themselves is as excerpts of commercial films, like *Saturday Night Fever*, *The Wall* and, more *recently*, *Flashdance* and *Purple Rnin*. The music sells the film, and the video in turn sells the music, a potent combination that will get more spent on the art as it sells more music. And it remains a great challenge to creative directors like George Lois, who realise the ad man's dream in creating the image for Bob Dylan. Lois will get the ultimate accolade when a generation starts identifying Albrecht Dürer as "that bloke oo the Bob Dylan video."

FINANCIAL TIMES

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Two brands of socialism

THE unveiling of the French Budget on Wednesday and the release yesterday of a British Labour Party blueprint for reviving the UK economy, highlight the extraordinary contrast that now exists between British and French socialists' approach to economic management.

President Mitterrand, having learnt the harsh realities of life in his early and abortive dashs for growth, presented an imaginative Budget which proposes to cut both taxes and spending—something that has eluded the British Conservative Party.

Pipe dreams

M Beregovoy, the French Economy Minister, proudly claimed that he had achieved the largest budget savings in French history. President Mitterrand emphasised the need to cut taxes in order not to suffocate individual initiative. While it is quite possible that the French Socialists will fail in their attempt to reduce the public deficit to 3.0 per cent of GDP or to cut current spending in real terms, nobody can doubt that they now believe *this* is what is necessary to revitalise the French economy.

The contrast with the pipe dreams of the Labour Party's National Executive could not be more extreme. In a document entitled a A Future that Works, Britain's Socialists have served up a menu of policies that were not even considered credible by Labour politicians in the 1960s or 1970s and which certainly have no hope whatever of succeeding in the 1980s. Believe it or not, Labour's national executive is proposing the following policies for adoption at the party conference in Blackpool: price controls to "protect" real wages and reduce inflationary pressures; import controls to allow a sustained expansion; and exchange controls to make sure funds are channelled to British industry.

Controls

The keynote of Labour's approach appears to be controls, controls and more controls. Yet in France, where experience of a controlled economy is much more extensive than in Britain, Socialists are now extolling the virtues of a more market-oriented approach. M Fabius, the new technocrat Prime Minister, has emphasised the need for entrepreneurial initiative and higher profits. Leading left-wing liberals such as M Alain Minc are arguing that the state can no longer power the economy. French socialism has unceremoniously jettisoned cherished dogmas—among them Keynesian reflation, state planning and protectionism.

The extent of the chasm now opening up between French and British socialist thought is hard to explain. M Mitterrand, after all, has behaved rationally: he has changed policies which failed and he has taken serious note of his party's disastrous showing in the recent elections for the European Parliament. Mr Kinnock and Labour appear incapable of making either mental leap: they do not accept that the policies they are still offering have failed and they are stoutly refusing to heed the electorate's message of June 1983. They continue to blame the UK's economic problems—which are besetting all European countries—solely on Mrs Thatcher's policies.

Echo

The French Socialists' new, more realistic, thinking does have an echo in Britain, even though the Labour Party remains buried in the past. There is after all a reasonable affinity between the ideas current among the centre left in France and those of Dr David Owen's Social Democratic Party. If the British Labour Party is to have any chance of winning back popular support it will have to steal Dr Owen's clothes and realise that his offer of "competition and compassion" is likely to strike a chord with the electorate. Left-wingers in Britain will have to accept, as they seem to have done in France, that their promises of higher living standards will sound plausible only if coupled with convincing proposals for stimulating growth.

A capital-owning democracy

DR DAVID OWEN, leader of the Social Democratic Party, deserves credit for addressing, however hesitantly, what may become an increasingly important political issue during the remainder of this century. This is the question of how the ownership of the nation's capital can be spread more evenly.

Dr Owen made two tentative proposals. First—following up a suggestion by Mr Samuel Brittan, the FT's economic commentator—that shares in public corporations should be given away free to all citizens. This, it is suggested, would be a better way to create a share owning democracy than the Government's preferred option of floating corporations on the Stock Exchange.

Second, and much more controversial, a growing proportion of the equity of each major company should be transferred into public unit trusts whose shares would be distributed to all citizens.

Wider share ownership has always been advocated by supporters of free enterprise as a means of encouraging entrepreneurship and a deeper understanding of the virtues of the market economy.

Wage rates

But recently the case for redistributing capital has grown stronger. The main reason is the rapid and sustained worldwide rise in unemployment.

It is possible, although by no means certain, that technological changes are reducing, possibly permanently, the demand for labour—at least at prevailing wage rates. Other things being equal, a reduction in the demand for one factor of production should matter little: one might expect a corresponding rise in the demand for the other factor—capital.

Reduced demand for labour and downward pressure on its price does matter a great deal, however, because for the vast majority the only source of income—apart from home ownership—is the sale of their labour services. And there is no logical reason why market clearing wage rates, sufficient to eliminate unemployment, should not be very low—below the subsistence level of social security benefits.

Under existing arrangements, if labour services cannot be sold or if wages are very low many are forced to depend on state benefits and thereby lose self-respect and any sense of purpose. The problem arises because earnings from capital are so paltry: if the nation's capital were spread more evenly, more people could augment low or non-existent wages with income from capital.

Savings

The present Government appears to believe that people must accumulate their own capital by saving out of wages. But average earnings are so low that significant accumulation is unlikely for the majority. Net savings become feasible only when children have grown up and the wage earners are approaching retirement. Over a lifetime, under this policy, the majority's earnings from capital will remain very small.

The giving away of shares in public corporations and remaining North Sea oil assets would be a step in the right direction. The average person's earnings from capital might not be very large. But it would at least be a kind of insurance policy for the future—a signalling of the direction of change required. The difficulty with more radical steps, such as Dr Owen's public unit trusts, is that a genuine redistribution of capital would inevitably require a significant dilution of existing shareholders' rights.

Inequalities

The tax aspect is also important, particularly over transfers of capital. Studies show that some inequalities of wealth are explained by inequalities of inheritance. Yet capital transfer tax has been softened—by raising exemptions and lowering average tax rates—making inefficient concentrations of capital more probable.

The fundamental point is that unless long-standing unemployment trends are reversed, significant capital redistribution may become a condition for the survival of market economies and the remarkable efficiencies in production and consumption they make possible.

SOVIET TECHNOLOGY EXPORTS

Moscow can do it, too

By David Buchan

A Soviet breakthrough: MI 26 helicopter and Ilyushin 86 airbus on show at Farnborough last week

MANY PEOPLE in the West can reel off names of Soviet missiles and ghters, because that is the sort of Soviet technology they worry about. But they are understandably blank about some of the Eastern superpowers' achievements in the civil field.

Yet in the past year the Soviet Union has sold licences to Japan for a new cattle feed additive and to the U.S. for polymer pins to fix bone fractures. This year a British company, Drilex, is expanding its Aberdeen production of Soviet-licensed downhole oil drills for the North Sea. Next year, J. R. McDermott of the U.S., the world's largest supplier of offshore energy equipment, will start using Soviet-designed machines which, it claims, will weld underwater pipe 25 per cent faster than any comparable Western equipment.

Clearly, then, some western compaines find in the Soviet Union ways of doing things better or cheaper, or both, than they can obtain elsewhere. This dispels any impression that the Soviet Union has merely become an Upper Volta with rockets, an economy able to turn out competitive weapons but precious little else, and that western technology has become its crutch—kick away that crutch, and the Soviet economy will sink to its knees.

The Soviet Union's technology trade is by no means in balance with the West. Licensintorg, the Soviet monopoly buyer and sole seller of licences, says it has sold 800 licences and bought 600 since it started business more than 20 years ago. But these raw figures include deals with Eastern Europe, for whom the much larger Soviet Union is naturally the fount of much industrial know-how, and take no account of value or scale of an individual licence.

Western ignorance can lead to delusions

Typically, a Soviet enterprise or foreign trade organisation will buy a licence to plug a gap in the national plan, while the western purchasers of Soviet licences will usually supply a smaller portion of any given western market. Occasionally, too, Soviet licences are bought by western companies as a friendly gesture, or as the result of Soviet insistence on countertrade, in know-how as well as merchandise, or simply to avoid any risk of patent infringement.

In the absence of any value date, the balance in Soviet-Western licence trade might be assumed to approximate that in high-technology trade. One definition of the latter is supplied by Dr Jack Martens of the U.S. Commerce Department, and this encompasses some 30 categories of the standard international tariff code, including computers, machine tools, electronics, telecommunications, X-ray equipment, jet and gas turbines. On this basis, Soviet imports of western high technology ranged over 1975-82 between U.S.$1.6bn to 2.3bn a year, and Soviet exports between $73m and 212m a year.

But ignorance that the Soviet Union has some world-beating technology can lead to a variety of delusions in the West. In the military field, it is not safe for the West to assume that Soviet technical achievements are either freaks (its 1957 launch of the Sputnik) or commonplace (like the rugged *Kalashnikov* rifle), or somehow always derived from western know-how. The rare Soviet statistics combining civil and defence industries show the latter near the top of the innovation league, (for well-rehearsed reasons to do with priority call on resources).

The T-64 tank, for instance, was the first in the world to carry laminated, layered frontal armour, while the Alpha submarine, could, when it entered service in 1970, outrun western torpedoes of the time.

Western companies, in energy, mining, metallurgy, mechanical and hydraulic engineering and, to some extent, medicine and biochemistry, risk doing themselves a business injury if they ignore what the Soviet Union has to offer and their Western competitors do not. Steelmaking has held up better in Japan than in industrialised Western countries, and it may have something to do with the fact that Nippon Steel and Kobe Steel and other Japanese companies have been the Soviet Union's best non-Communist mustomer for techniques like continuous casting and electroslag remelting.

Those Western companies in computers, microcircuitry, electronics, plastics, man-made fibres and chemicals can afford to be more relaxed about scanning the Soviet technical literature, because the Soviet Union is generally behind them in these newer technologies.

There are several probable reasons for this disparity. The Soviet Union has tried to do a lot with relatively little money and industrial tradition, relying less on imports than a country of comparable continental size like the U.S. Its political vagaries handicap it — for instance, cybernetics, much used in modern process control, was derided in Stalin's time as a bourgeois pseudo-science, apparently because it encompassed un-Marxist theories as that of probability, rather than of inevitability, and there are worries about a computer-led information revolution weakening control over information. Being less constrained until recently on manpower and raw materials than the West, the Soviet Union has tended to go the less radical "mechanical route" towards automation, refining traditional technology, instead of the "electronic route" pursued in the West.

Spotting these techniques which would be commercially viable in the West can be like looking for needles in haystacks. There are plenty of good ideas out of the *1,200* patents granted every week by the State Committee for Inventions and Discoveries (SCID), but relatively few come to market, either domestic or foreign. Innovation, not inventiveness, is the Soviet problem.

The difficulty of introducing new manufacturing techniques which may interrupt fulfillment of output targets is well discussed in the Soviet Union, and was even highlighted by the late President Andropov. But there seem to be other less publicised problems earlier in the innovation cycle.

One lies in the nature of rewards for getting an *SCID* "inventor's cerificate." The problem is not that they are so small. Payments have ranged from 1 rouble (in one actual case) to some 40,000 roubles, depending on official judgment of economic impact, and an unspecified increase in the payment scale has recently been announced.

The snag seems to be rather that the money almost always goes to individuals and hardly ever to enterprises or research institutes per se. Except where the two are virtually identical, as Mr Boris Paton is with the famous Paton Welding Institute in Kiev, *the result rarely leads* to regular monetary accumulation by successful institutions.

This, in fact, seems to be the aim. Contrary to earlier ideology, invention has been found to be essentially unplannable. If, therefore, institutions amassed unpredictable profits, this could distort central planning by creating unplanned demands on resources. Better then, in the Soviet view, to *spread rewards* more widely in personal bonuses.

One side effect is a certain institutional apathy on the part of enterprises and ministries in seeking foreign patents. The Soviet Union has nearly 24,000 foreign-issued patents for its inventions, Mr Boris Kurakin, the head of Licensintorg, notes proudly. But some of his officials say they occasionally have to goad domestic institutions into displaying their technology wares abroad.

Licensintorg's real sales job only starts when the Soviet Chamber of Commerce gets a foreign patent, and thus legal protection, for Soviet inventions. But even then there is a question of whether it is not overstretched. Mr Kurakin and his colleague at their headquarters in suburban Moscow radiate business confidence, but there are only 300 of them, handling some 2,000 technologies.

Though divided into 11 subcompanies dealing with different sectors, Licensintorg personnel inevitably perform most of the time as technically-minded generalists. Because of this, and because technical information going abroad must pass through the Glavlit, or censor's bureau, Western businessmen sometimes complain how little detail they get on a patent from Licensintorg. This can usually be remedied by direct communication with Soviet investors or researchers. But this is not possible where technology of military application or association is concerned.

Aircraft design bureaux, like those of Ilyushin or Yakovlev which were showing off their wares last week at Farnborough for the first time, rarely open their test *facilities to the* inspection that would be needed if their aircraft were to be certified airworthy in the West.

A successful Soviet licence purchase can depend on the western buyer being able and willing to adapt it to his maket. This is partly because the Soviets tend to sell process technology—the product licence sold to the U.S. to make surgical stapling guns is more the exception—and partly because customer requirements in the West are more stringent or different.

J. Ray McDermott tested and learnt from a prototype "flash butt" welder from the Paton Institute, but has gone on to build its own more compact versions, because unlike the Soviets who extract little energy offshore, it wants to put the welding *machines on* barges.

Mr Stephen Kornis, director of Drilex, a company set up solely to exploit its Soviet licence, says the Soviet downhole motors, which drive a drill bit at the bottom rather than the top, are ideally suited to reduce wear and get higher torque in medium to hard formations, such as in the North Sea. But even so, Drilex had to "Westernise," with Soviet help, the motors to extend time between overhauls. This is because western oil companies working offshore have higher costs than the Soviets have onshore.

Future sales may require more general openness

This required adaptability may be the key to the geographical spread of Soviet technology sales in the West. The best Soviet customers have been the U.S., France, Japan, West Germany and Italy (Licensintorg has two joint ventures, Hechnounion in Germany and Technicon in Italy). Some way behind is the UK.

Part of the lack of British interest is due to contraction in its coal and steel sectors, two Soviet specialities. Newton Chambers, for instance, has bought Soviet dry coke quenching technology, to cool blast furnaces without clouds of steam, but found British Steel disinterested in using it. Mr Vladimir Rarov, Licensintorg's London representative, is hopeful that general economic improvement will stir more British custom for his wares.

Certainly, Licensintorg is likely to come under more pressure to boost sales, as the currently shaky level of energy and commodity prices depresses earnings on the major part of Soviet hard currency earnings. But increasing technology sales may require greater general openness to the outside world than the Kremlin.

MAJOR SOVIET TECHNOLOGY SALES TO THE WEST

Technology	Buyer
Surgical stapling guns	U.S. Surgical Corp. (U.S.)
Oil drill motors	Drilex (UK)
In situ coal gasification	Texas Utilities (U.S.)
Flash butt pipe welding	J. R. McDermott (U.S.)
Continuous steel casting	Kobe Steel (Japan)
Evaporative blast furnace cooling	Nippon Steel (Japan)
Dry coke quenching	Italimpianti (Italy)
Non-ferrous metal melting	Broken Hill (Australia)
Electromagnetic casting	Kaiser Aluminium, Alcoa
	Reynolds Aluminium (U.S.)
Pneumatic trenching tool	Allied Steel and Tractor (U.S.)
Chemical filter presses	Hoesch (West Germany)

FT Estimates

Men and Matters

Fewer hats for Bill brokers

Visitors to the City of London find much to wonder at when they see men hurrying about wearing top hats in this year, 1984.

The fancy dress is, of course, the tradesmark of the Bill Brokers who traditionally have oiled the wheels of the City financial system by dealing in money bills; acting as a buffer between the Bank of England and thebanking system by trading in billions *of pounds* of "overnight" money.

Quite recently there was a round dozen of the specialised and privileged institutions in this trade—the discount houses. From next week their number will be reduced to just nine with the merger of Alexanders Discount (175th anniversary next year), and Jessel Toynbee Gillett (formed from Jessel Townbee, 62 years old, and Gillett Brothers, 117 years old).

The new house will be a wholly-owned subsidiary of Mercantile House, the international financial services conglomerate which bought Alexanders Discount earlier *this* year. It will run a book of up to £1½bn.

John Barkshire, chairman of Mercantile House, is pursuing his strategy that in the new-style City, primary dealing will cover the whole range of liquid instruments.

Michael Todhunter, aged 49, deputy chairman of Jessel Toynbee Gillett, is to be chief executive of the new discount house. He, and the joint chairman, Michael Toynbee, and Jeremy Hardie, have all been appointed to the board of Mercantile House.

Todhunter is a lifelong bill broker since he left Oxford 26 years ago. He says "We hopeu we will be able to take advantages of the freeing of the gilt-edged market to make a market in gilts."

Lancs canton

Textiles and trade might have been the foundations on which Manchester was built, but the growth industries these days are acupuncture and Chinese herbs.

The rapid decline of Liverpool's Chinatown has been more than matched by the speed with which Manchester's Chinese community has grown. At the last count there were 10,000 Chinese in the city, most of them in 2,400 Cantonese households.

A large slice of the city centre has been given over first to the aroma of baked duck and stewed prawns and now to the famed business acumen of the Hong Kong Chinese.

Just along from the Hongkong and Shanghai Bank in Princess Street, close to the Kwok Man restaurant and opposite Ho'a bakery, what is claimed to be Britain's first Chinese commercial centre has just opened in one of the city's imposing Victorian stone piles.

The centre, set up by Yikman Fiu includes the new Manchester Chinese Chamber of Commerce, the Chinese Neighbourhood Association and a range of Chinese-run stores from the Yikwal grocery to *Wan's herbal shop.*

Browsers of Chinese printing and furniture are enticed in by the rather grating sound of traditional Chinese music.

A free newspaper called Si-yu (it means chit-chat) circulates amongst the Chinese community and the Chinese New Year celebrations now hold an important slot in the city's social calendar.

The city council has been discussing the ideas of installing Cantonese street names. To cap it all Manchester is on the point of approaching the Chinese manufacturing city of Wuhan to be a twinning partner.

"If they're so keen on privacy why didn't they hold the talks down one of the striking pits?"

Offshore politics

With the conference season well into its stride the prize for the oddest of the year may already have been won.

Representatives of the 4,000 people who live on wind-swept islands around the Irish coast have been swaping views on the *problems* of being cut-off. Indeed many of them complain they are cutoff from areas which themselves must already be regarded as cutoff from the mainstream of European life.

Given the nature of their problem you might have expected them to meet in the Place de la Concorde or Trafalgar Square. Instead they chose to meet on yet another island—the confusingly named Cape Clear which is actually an island off the coast of west Cork, in the Irish Republic.

Cape Clear has one of the more vigorous island communities. But there are general complaints from the other islands about poor ferry services, inadequate harbours and lack of planning from central government.

A man from Rathlin, Northern Ireland's only inhabited offshore island, had praise for the work of the island's MP in securing help for the community. That MP is none other *than the fiery* Ian Paisley, MP, and Euro MP.

While Paisley has not chosen to live on an outlying island, the Eire Opposition leader Charles Haughey actually owns the island of Inisbvickillane, where he keeps a holiday retreat.

Roth's teasers

A rather vicious political quiz game has been developed by journalist Andrew Roth to introduce the latest volume (E to K) of his Parliamentary Profiles, a book which gives background profiles of MPs.

To help the sales *along* he is inviting readers to play the parliamentary profiles game by identifying members from a list of 79 questions.

Some samples: Which MP wants her date of birth changed from 1923 to 1927 although that would mean she joined the WAAFs at the age of 14? Which cabinet minister is "the executioner with his head on the block?"

Which MP's republicanism dates from having to wait for the arrival of a royal party for two hours in the cold at the age of nine.

Which MP is kind to sick squirrels.

No prizes are offered for correct answers.

Once upon a time

Fairey Engineering is one of a number of companies showing interest in Thomas Storey, the Stockport bridging equipment maker, up for sale as part of the Acrow break-up.

Will thenew company be called Fairey Storey, I wonder?

Observer

POLITICS TODAY: THE SDP

Dr Owen and the siren voices

By Malcolm Rutherford

THE SOCIAL Democrats had a good conference in Buxton this week. It is a nice place. The persistent heavy showers kept the representatives in the hall and away from the town's other attractions. Reports of divisions within the party and between the SDP and the Liberals seem to me to be much exaggerated. The Social Democrats have grown up.

Dr David Owen has grown up, too. It is no longer true that the SDP is a one-man band, though it was true about this time last year when the party was still shattered by having won only six seats in the general election. Dr Owen rough-nursed it back into life. It is quite clear now that the Social Democrats speak with more than one voice, which is as it should be.

Yet the intellectual journey undertaken by Dr Owen and the SDP is by no means complete. It still looks like imitation Keith Joseph and even more like an attempt to draw on the experience of post-war Germany without yet being ready to develop the conclusions.

Dr Owen's formal embrace of the social market economy took

The intellectual journey is by no means complete

place at the SDP conference in Salford last year. It had a slow time fuse. The party is still trying to catch up with it and so, one suspects, in some respects is Dr Owen.

Lord Young of Dartington, an intellectual convert to the SDP who drafted the Labour Party manifesto of 1945 and who is still trying to foster links with the party he left, showed inexcusable ignorance in saying that he did not know what the "social market" meant. He said he thought it was something to do with women's institutes holding bring-and-buy sales.

The ignorance was appalling, whether it was pretended or real. If it was real, Lord Young is not the serius man one previously took him for. It is almost impossible to believe that someone of his generation should be unaware of the German experience.

If it was pretended, what he really meant was that he did not like the way Dr Owen was going and that what he preferred was a Labour Party Mark 2, shorn of the far Left. It was striking that no one properly stood up to him, and that by the end even the party mainstream was tending to shy away from the term "social market."

Some of the history may be useful. The theory of the social market economy was developed by a group of German liberals—the Freiburg School—in the 1930s. It is an almost comprehensive economic model which gives paramount importance to market forces, but also insists that the market must be regulated. It emphasises the importance of monetary policy, but it does not exclude state intervention. Probably the best, though rough, translation is market economics with a safety net.

One of the architects of the theory was Ludwig Erhard who at the beginning was apolitical. If anything, he tended towards the German Liberal Party. However, he pursued the policy with great zest and success when he became Christian Democrat Economics Minister in the late 1940s.

Precisely because of its success, the policy was taken up by the Social Democrats at their famous conference in Bad Godesberg in 1959. But there was a great deal of room for flexibility within it. Professor Karl Schiller refined it to include the phrase: "as much competition as possible, as much planning as necessary."

The Social Democrats when they came to power also introduced such institutions as "concerted action" — the joint consultations between government, management and unions — and the committee of five wise men, empowered to deliver independent reports on the state of the economy and to make policy recommendations.

By and large, theory and practice served Germany well. What it meant was that there was common ground between the major political parties. The Germans have a word "*marktkonform*," meaning that such and such a policy conforms to the principles of the social market economy. That was what they argued about. The only differences were over when to put more emphasis on market forces and more on intervention, on social policy or on economic theory.

Dr Owen: rough-nursed party back to life.

All of which is broadly what Dr Owen means when he combines toughness and tenderness, compassion and competition. The main point is that he has broken through to market economics. What he repeatedly emphasises, as Erhard did before him, is that it is necessary first to have prosperity in order to develop social welfare.

Yet it was the Tories who discovered the German lesson first. Go back to a statement like *The Right Approach to the Economy* when the Conservatives were in opposition in the second half of the 1970s. It is littered with references to the German model: a willingness to develop the National Economic Development Council into some kind of commercial action, for example.

Among the principal architects were Sir Keith Joseph and Sir Geoffrey Howe. But Sir Keith had also picked up something else. It was the common ground between the parties that attracted him in German politics. In Britain, such as had existed in the wartime coalition and perhaps survived for several years afterwards.

A fundamental question in British politics today is whether such ground is being found or whether we are in a state of polarisation. What (say) Sir Geoffrey would like to happen would be for the Government to pass to the SDP-Liberal Alliance when the Tories eventually run out of steam. There would then be no great break with the past because the new administration would also embrace market economics, albeit with a touch more tenderness, and the Labour Party would have been reduced to a rump.

That would be the ultimate Tory triumph: to have won now and then cede power to a government which which it shared common ground. Or so the theory goes.

There may be some obstacles along the way: for instance, Tory policies may not work and there may be a Labour revival. Yet so long as Mrs Thatcher has the benefit of two oppositions, the odds must be on the 1980s being a Tory decade.

Nor is there a sign, despite some of the bungles of the last year or so, that the Government is yet seriously running out of steam. The privatisation programme alone is still in its infancy, and should not be underestimated. The Germans denationalised Volkswagen—a similar exercise—in 1961, and a great success it was. They even went through the Krupp crisis without a formal state takeover of the concern and without nationalising the pits. The Tories likewise have a great deal of power left in their locker.

That puts the question back to Dr Owen. Should he try to out-Thatcher Mrs Thatcher? (The phrase "Thatcherism with a human face," first used in the *Financial Times*, was not meant to be uncomplimentary.) Or should he listen to the siren voices now emerging in the SDP who want to put back the clock to the 1960s and 1970s or, as Lord Young would have it, 1945?

The answer so far is not entirely clear. True, Dr Owen fired off a barrage of stuff in his speech on Wednesday about giving shares in the nationalised industries to the public, some of it drawn directly from my colleague Samuel Brittan. But he did no treally build very much on the speech he made in Salford a year before.

It is also clear that a division had developed in the SDP about the meaning of the word "radical." Some people take it to mean, like Dr Owen, looking forward to the future. Others think that it means going back to the best of the old Labour Party. As with the terms "right" and "left," it is probably now better avoided unless you press for a definition.

There was plenty of old hat on the conference floor, too. The debate on the Third World, a subject on which the SDP ought to take pride in its expertise—Mrs Shirley Williams does—was straight 1960s. One would have thought that a party of so many graduates would have moved on by now to questioning whether the term "Third World" is any longer a meaningful concept. Instead they have produced a white paper calling for the insertion of development education into the school curriculum.

One could go on. The discussion on the state and the arts, though intelligent, did not produce anything that could not have been heard in the other parties over the years, Labour or Conservative. It is not yet proven in any of these arees thet the SDP has a distinctive identity.

There remains Dr Owen, whose distinctiveness is undeniable. So is the remarkable public patience that he has developed. He does now suffer fools gladly. Yet there is just sometimes a suggestion that it has all gone to his head. Was it really wise, one wondered, to

There was plenty of old hat on the conference floor

refer to the Belgrano affair as "the early stages of a Watergate"—a phrase that he must have known would get prime coverage on television? It means that he is stuck with it when he already has more than enough on his plate.

For all that, the conference was a success. The party has survived as a force in British politics. There should be no major problems over the future of the Alliance when the Liberals meet in Bournemouth next week, and in time there should be by-elections to look forward to. The SDP now has an array of good candidates.

A final point is that, the miners' strike apart, 1984 is probably not a very important year in the British political scene. Where the Alliance and where the Labour Party go next depends as much as anything on the success or failure of government policies in 1985-86.

Lombard

Mexican money puzzle

By Nicholas Colchester

INTERNATIONAL FINANCE is not short of wet-towel conundrums. These are riddles of cause and effect which can only be tackled in a darkened room and with a wet towel wrapped around the head. A fine example is the question whether the currency denomination of international debt has an impact on exchange rates. Has the fact that most international debt is denominated in dollars strengthened the dollar, weakened it, or merely made it more prone to prevailing sentiment?

The question has become somewbat less abstract in recent weeks with the move by non-U.S. banks to persuade Mexico, as part of a huge rescheduling deal, to concede them the right to convert a proportion of their dollar denominated Mexican debt into their own currencies. Supposing they take advantage of this, what will the impact on their respective exchange rates be?

One would have expected the *transaction to run like this*: British benks tell Mexico to regard balf its existing debt to them as being in sterling—a book-keeping switcb with no currency transaction involved (until the first sterling interest payment is due). The benks now have a major currency mismatch. They take in sterling deposits and sell them for dollars to pay off redundant dollar deposits. This currency transaction depresses sterling against the dollar.

In practice, I am assured, for reasons to do with the technicalities of syndicated loans which I do not understand, the switch will have to be effected in clumsier fashion: British banks make a fresh sterling loan to Mexico and insist that half their outstanding dollar loans be repaid. Mexico sells the sterling to repay the dollars, thus depressing sterling, and the banks use the repaid dollars to pay off their now-redundant dollar deposits. The currency transaction is at the asset end and not the liability end.

As depicted, it seems fairly clear that, whichever way one looks at it, the transaction initiated by the banks will tend to weigh npon the pound sterling, or the German mark, or the yen, against the dollar. But this account takes the behaviour of the depositors and borrower, who lie on either side of the transaction, for granted Mexico might, for instance, decide to *repay the dollars out of its* reserves and take the sudden flow of sterling into them. It would certainly make logical sense for it to bolster the sterling component of its reserves somewhat, given its increased sterling indehtedness.

Equally, though rather more vaguely, it is not necessarily true that the edditional sterling—or D-mark, or French franc—deposits required by the European banks will come from domestic sources and thus qualify as a net capital export. *A general* move to *refinance in* non-U.S. currencies might, through interest rate shifts, encourage a matching move on the part of international investors out of harder-to-deposit dollars into easier-to-deposit other currencies. In short, rather like the removal of outward exchange controls, the direct effect on the currency must be negative, but the indirect effect may well be positive.

This may appear so mucb thumb-twiddling hut it does lead to a conclusion: the effect of a move, like the Mexican development, to increase the role of any currency as a denominator of international wealth or indehtedness need not, in itself, depress or raise that currency, but it will increase its vulnerability to prevailing sentiment. It has always been the fate of a reserve currency to be excessively strong in its strength and excessively weak in its weakness.

There is no space here to go *into the pros and cons* for effecting the Mexican currency switcb both from the point of view of the banks and from that of Mexico.

In general, anything which encourages the world to lessen its dependence on the dollar, whether as a store of value, numeraire of price, or medium of exchange, and which gets the dollar back into perspective in a multi-currency system, is to be encouraged. Imagine bow much more comfortable the developiog world would be today if the currency mix of its debts bore some relation to the geographical pattern of its trade.

Letters to the Editor

Airline peaks and troughs

From the Chairman and Chief Executive, Brittania Airways

Sir,—Much has bene written about the financial and market domination of British Airways after privatisation. An aspect which has not received the airing it deserves is the use of Briish Airways' dominant aircraft fleet. Many business activities have peaks and troughs creating efficient asset utilisation problems. The airline industry with its super-expensive aircraft is a major sufferer in this regard.

Scheduled airlines are busier mid-week than weekends, catering gnerally for business traffic around business hours. Hence, with lower frequencies at the wekeend, surplus capacity exists for use in the whole plane charter market, when leisure traffic prefers to fly. British Airways would argue quite correcntly that to stop that would be to prevent effective use of their assets and a present there is free market access for any Britsih Airline wishing to operate charter services.

The whole plane charter market has even depeer peaks and troughs—between wekends and weekdays and also htwene winter and summer (as against the more stable year round business and trunk route travel demand). Therefore, obviously, it would greatly help utilisation and effective use of charter airlines' assets to be able to fly viable scheduled routes mid-week. Unfortunately, regulations prevent this and there is, in practical terms, no market access for charter airlines, which must go on suffering the mid-week and winter troughs.

The situation is made worse as the free ability of British Airways to channel capacity from scheduled services to charters at the weekend significantly affects the profitability of charter airlines.

British Airways makes a double gain, charter airlines have a double disadvantage.

What to do? The Government may not like the idea of telling British Airways to keep out of the charter market, but if it does genuinely wish to see reel competition in the future, in the holiday air market, as in the past, then it must accept that in privatising 80 per cent of the air transport industry issues are raised which require decisions which may not be very palatable nor easy to take, to protect the balance.

Derek D. Davison.
Lupton, Bedfordshire.

CAA's difficulty in explaining

From the Deputy General Manager Policy and Licensing, Civil

Sir,—Your report by Michael Donne (September 12) on the arguments now being put forward by the Manchester International Airport Authority (MIAA) against the CAA's airline competition proposals for Manchester illustrates the extreme difficulty which the CAA bas experienced in trying to get across what it is proposing in relation to the regional airports.

It is not, for example, widely appreciated that the CAA's regional proposals reflect the views put to it by the MIAA in the course of the CAA's six months' formal consultation with the industry. In its original submissions to the CAA in January and in May this year, the MIAA recognised the need to change the structure of the industry, the dangers of allowing too many services in the hands of a dominant private airline, and the disadvantages of having a London-based airline (British Airways) which concentrated in feeding its London hub at the expense of route developments from Manchester.

What the CAA is proposing, therefore, in terms of achieving indirect competition between direct European services from the regions and European services from Heathrow, is a logical response to what the MIAA was saying to us in the first place

Mr T. C. Bass
CAA House, Kingsway, WC2.

Prejudice against head-hunters

From Mr J. Scott-Oldfield

Sir, — Geoffrey Mills (September 1) displaya an unseemly prejudice against *head-hunters*. He implies that they are barmful because they seek narrow "comforting consensus" and force up directors' salaries out *of self-interest*.

Most non-executive director appointments continue to be mede from candidates put forward by the chairman or chief *executive* — surely likely to be the most consensus-seeking atarting point of all.

Even if self-interest is accepted as a motivation of the *headhunter*, it is naïve to argue that short-term "comforting consensus" at the maximum salary is his aim. The professional head-hunter's primary concerns are to see the client company prosper througb an effective board, and to ensure that any candidate he may introduce to that board, executive *or non-executive*, is best suited to contribute to that result. The requirement is never the same in any two situations, and independence of analysis and judgment are indispensable prerequisites of the bead-hunter, as is the need for him to be an experienced industrialist in his own right.

As to remuneration, sound boards appoint a committee chaired by a non-executive director to review the remuneration, and by implication the performance, of executive directors; while no non-executive director who is dependent on his fees should ever be appointed.

The quality of boards would surely be enhanced, and the credentials and pay of directors less open to dispute if it became the norm for boards to use consultants in all board appointments—including the external appraisal of internal candidates — and perhaps for institutions and other major shareholders to be consulted about the board's choice of consultants.

J. R. A. Scott-Oldfield.
Corporate Consulting Group,
24, Buckingham Gate, SW1.

MBA courses and recruitment

From the chairman and managing director, Colemore

Sir,—We shall heve to await the publication of the Harbridge House survey on MBA courses and recruitment to see who is the most misguided, Michael Dixon, your Education Correspondent (August 22), or the survey team whose "findings" he reported so uncritically.

The "nasty surprise" with which he starts his article, is more likely to be e long groan, not just from the business schools, but also from former gradnates and many satisfied employers. It appears that the "findings" are no more than *some of the hoary old myths of* the 1970s in a new set of covers and reported in mucb the same way as Michael Dixon used to do in those days.

If the survey only included a small number of successful employers of MBAs it is not surprising that it found recruitment chiefs, staff people rather than line managers, who could only use "arrogance" and "suspicion of middling academic ability" as their reasons or rationalisation, for not employing the business graduates. We are not told how many MBA gradnates these companies bave employed in the past, neither are their recruitment techniqnes questioned.

Perhaps Michael Dixon did not know, and the survey did not cover, employers, headed by business graduates such as Christopher Hogg of Courtaulds, John Egan of Jaguar and the many small companies such as my own which have successfully used business graduates.

It would appear to be some time since Michael Dixon visited a business school because be is clearly unaware of the great deal of effort which the business schools make to explain and sell themselves to industry. References to business school, attitudes to "academic inferiors in industry," Dixon's phrase, shows how few business school personnel he knows.

Perhaps if Michael Dixon would like to venture up the M1 and M6, on his often referred to bicycle, I could sbow him some employers and business schools which would enable him to report on such surveys in a more useful way to your readers.

John A. Pulford.
977, Stratford Road, Hall Green, Birmingham.

The ideal manager

From Mr J. Taylor

Sir,—Michael Dixon's reference (August 22) to the MBA was both timely and appropriate. The need for a professional approach to management is overwhelming and it is unfortunate that companies, particularly in the manufacturing sector, are not creating a bigger demand.

Academic excellence will always be applauded but a master's degree in management per se demands an intangihle hut nevertheless identifiable plus factor—leadership. Certain skills and ahilities can be taught hut personality and attitudes, whicb form the basis of leadership, are hlessings of divine origin.

I have met many graduates whose technical competence was not in question bnt the skill was neutered by their inability to exercise leadership. It can be argued that acceptance on an MBA programme should depend on more than mere availability or academic attainment. Candidates should be able to demonstrate leadership potential which could be developed during the programme, care being taken to avoid an outward bound approach.

Too many students attend MBA programmes as an alternative to unemployment. Similarly, the wisdom of enconraging first degree students to move straight on to an MBA programme should generally be discouraged, otherwise it gives endorsement for a person without experience to become a "master" of a subject. Almost as a corollary it could be reasonably argued that a graduate with an average grade may bave more management potential than one with a double first, since low grades may be the result of social interaction while at University rather than dedication to study (although praise is due to those who achieve excellence in both spheres).

The ideal manager has both academic excellence and leadership talent—a rarity in these days. Needless to say, many good managers are totally without formal qualifications!

Jackson Taylor.
27-28, Blackwellgate, Dorlington.

FINANCIAL TIMES

Friday September 14 1984

JOB SECURITY CRUCIAL IN U.S. CAR INDUSTRY PAY TALKS

Auto workers put safety first

BY TERRY DODSWORTH IN NEW YORK

SUCCESS in the U.S. motor industry pay negotiations, which are scheduled to reach their conclusion at midnight tonigbt, depends crucially on one issue. Now far will General Motors, chosen as both the negotiator and strike target, go to meet the demands of the United Auto Workers union (UAW) for greatly improved job security?

The union's overriding preoccupation with job security has emerged as a direct result of GM's policies over the last two years. During this period, the company has aggressively moved towards a policy of "outsoureing" – buying in both components and built-up parts from outside suppliers, many of them overseas – and an equally aggressive strategy nf increased automation. Despite the recall of about 100,000 workers to cope with the booming car market this year, these policies bave made it crystal clear that the *long-term trend* for jobs is in the other direction.

In the past, the UAW bas been a model of receptivity to automation. It has turned the workers it represents into a high-wage sector in the economy partly by moving forward with the car companies' drive towards higber productivity. Until the mid 1970s, that process was fairly painless because of the growth in the market and in U.S. production.

What the union has now recognised is that this equation has been changed irrevocably, both by the stabilisation in the domestic car market and by the larger share being taken by importers. Every one of the 130 negotiators sitting round the 15 or so bargaining tables in Detroit this week knows that the present level of productivity and jobs in the industry is only being maintained by the voluntary restrictions on Japanese car imports. Long-term security for the U.S. manufacturers depends on a differeot competitive stance.

GM bas played heavily on this knowledge by empbasising throughout the talks that job security for the workforce depends on making the company more productive rather than imposing restrictive clauses in the pay agreement. Its objective is to get cnsts down through a radical process of plant closures, new outsourcing arrangements and automation. In order to to that, it needs flexibility both to trim the workforce and to move workers to different jobs and locations.

The UAW, under its new president, Mr Owen Bieber, bas clearly recognised these pressures on the company. It bas tried to play down the issue of pay, despite a strong revolt from its militant wing, in the interests of negotiating a settlement whicb will give the company some room to manoeuvre.

However, it also wants a deal whicb will give the workforce a soft landing as it adjusts to the needs for new production methods. In particular, it has asked for more training and retraining, an attempt to *give car workers the first choice* of jobs with outside suppliers, restraints on overtime and more control over the degree of outsourcing.

On Tuesday, with the union visibly fretting about the company's tardiness io getting down to the real issues, GM dumped a 20-page job security document on the table. Mr Bieber immediately welcomed it as *"far-reaching,"* but he has since shown increasing impatience over the company's unwillingness to negotiate on some of the main points. By Thursday, be was talking of the union "heading for the ditch."

What the company has offered, according to the meagre details that have leaked so far, is a mix of proposals which have met the union halfway on training and job relocation. It has also proposed an expansion of the "guaranteed income stream" (GIS) system introduced two years ago under wbich redundant workers with 10 years or more service qualify for between 50 and 75 per cent of their final salaries.

However, the company has offered very little at all on overtime or the even more sensitive question of outsourcing: clearly GM is trying to keep its options as open as possible on the restructuring of the company.

With time ticking away towards the midnigbt strike deadline, the *talks might stumble on those hurdles*. Indeed, it is widely felt in Detroit that an agreement now depends on wbether the company will be willing to compromise on outsourcing, or throw in a suitable sweetener in the form of a generous wage increase.

On wages, it bas so far offered an olive branch by restoring the automatic cost-of-living increases (Cola) system, which bad previously been under threat. However, it bas come up with nothing oo basic pay, proposing instead only two lump-sum payments worth $900 a worker in the first two years of the three-year agreement, none of which will be consolidated into the basic scale.

That is not unduly generous by the standards of the last 10 years, but with U.S. inflation likely to be only 5 per cent by the end of this year, workers would be unlikely to *lose* by it, and the company might easily pitch in a profit-sharing agreement that would yield a bit more than the $400 a person of last year. Mr Roger Smith, GM's chairman, is an avid supporter of incentive programmes, and may well *agree to a system* that triggers some tempting rewards in return for improved performance.

All of that hangs in the balance as the negotiators bead into the final, stamina-sapping session today. Last time, the tension proved to be too mucb for one of the union team, who was carried out on a stretcher, and the final hours promise to be equally fraugbt this year.

It is generally felt that in the current state of its finances, GM might be pushed to a wage increase in the range of 5 to 6 per cent a year. It will, however, probably be willing to suffer a strike rather than give away too mucb of the flexibility it wants to cut out plants and modernise wbere necessary. It knows that the next three years will be vital to the U.S. industry's ability to compete and, indeed, the settlement will send out signals far beyond America on the country's willingness to adjust its industrial structure to face up to the challenge from the Far East.

Philippines submits draft letter of intent to IMF

By Peter Montagnon in London

THE PHILIPPINES has submitted a draft letter of intent to the International Monetary Fund in Wasb*ington that might* prove the key to resolving its $25.6bn foreign debt difficulties.

Mr Jacques de Larosiere, IMF managing director, is studying the letter and is expected to decide shortly whether to preseot it for approval by the Fund's executive board.

Senior commercial bankers said yesterday they bad been told by IMF officials the letter should need "only minor modifications" before it was approved.

At *stake* is not only the SDR 615m ($620m) credit the Government of President Ferdinand Marcos is seeking from the IMF, but also arrangements to reschedule the country's foreign debt and provide fresh loans expected to total $3.3bn.

The bankers said they expected to move quickly to agree terms with the Philippines on their side of the arrangemeots and formal talks could begin in early October, before the IMF board has actually approved the country's new ecoomic programme, which may still take until November.

That would put an end to the delays that have plagued the Philippines' debt negotiations for nearly a year, while it sought to work ont a satisfactory economic programme with the IMF in the face of a rapidly expanding domestic money supply and a dispute over the level of the country's foreign exchange reserves.

First, bowever, the banks are to send an economic mission to Manila to establish exactly how much debt needs to be rescheduled.

On that total will depend the amount of the oew money to be put up by the banks themselves, although the figure is still expected to be close to the $1.65bn origioally proposed.

Coupled with a similar amount from official sources, that sbould satisfy the Philippines' new money needs for 1984. Bankers say that at the moment they so not expect the Philippines to need further bank credits in 1985.

One stumblingblock that has yet to be resolved is the controversy over the $375m of deposits which remain frozeo at Citibank's Manila Branch as a result of foreign exchange controls imposed when the economic crisis broke.

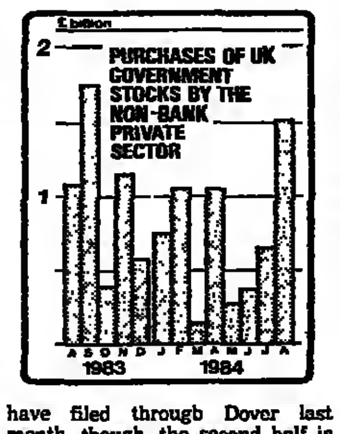
Holders of these deposits bave said they will resist any rescheduling proposal until this money in repaid. As a result, efforts to find a compromise solution which started in April are now likely to be speeded up.

Letter of intent, Page 22

THE LEX COLUMN

Docks clear of the water line

Yesterday's final figures for banking August confirmed that, after adjusting for the run-down in clearing bank lease finance, the pace of sterling bank lending bas barely slackened over the past quarter. But the Government Broker is selling enougb stock to keep the monetary *aggregates under* control and yesterday, as encouraging noises on the labour front lifted gilt-edged prices another notch, he looked poised to activate his tap and sell some more.



Docks and Ferries

The two dock strikes of 1984 bave not passed without taking some toll on profits. Yet the damage caused by the strikes bas in general proved less than crippling. Even for Associated Britisb Ports, whose profits migbt be thougbt among the most vulnerable, because of its investment in ports affected directly by the dock labour dispute, the coal strike has so far proved much the beavier burden, cutting profits in *the first half* by more *than* 40 per cent. This makes the Government's sale of its remaining sbares look even better timed now than it seemed last April – measured by the difference between 250p and the present 196p share price.

In the case of European Ferries it could be argued that the impact of the dock strikes has been in some ways positively beneficial. The fact that the competition was out of action certainly forced many customers to look at alternative ports, and it *would be surprising if Felixstowe* were not a permanent beneficiary of this search for bark-stop facilities. Nor can the extra flow of traffic througb Dover bave done the company any barm.

Euroferries bave in fact produced figures for the six months to June – showing pre-tax profits of £11.7m – whicb appear remarkable for their stability. Admittedly, the disposal of fringe interests like merchant banking and television means that profits are going to be differently made up, and the controversial reconstruction of the company invalidates comparisons of earnings per share. But the overall picture is fairly encouraging; if property deals fall io place at the right time, £45m for the full year should not be out of court.

However many of the group's new preference shareholders may have filed througb Dover last month, though, the second half is bound to show some trace of the miserable July experienced by all Channel operators. Yet for Euroferries, as the most efficient of the bunch, rough times at least hold the promise of a profitable shake-out.

Reuters

Reuters bas carried a reputation for reliable reporting securely through its maiden interim statement. Profits for the balf year to June were rigbt in line with expectations at £30.1m pre-tax and the group seems sure to exceed its own full-year forecast of £70m by the traditional percentage point or two.

But this year's profits are already yesterday's news. The sbares have gained 35 per cent in the three months since flotation, a movement which cannot just be ascribed to belated recognition of their original cbeapness. At last night's oew high of 265p, they offer a prospective yield of 1.4 per cent and stand on a multiple of about 24 times forecast earnings, using average share capital. The market is now setting the company very ambitious profit targets and would look sniffily at anything much under £90m pre-tax for 1985.

On the face of it, yesterday's statement contained nothing to upset these rosy projections. The 22 per cent revenue increase achieved in Europe underlined Reuters' ability to extract growth from what are, by its standards, mature markets. This year's capital spending is running slightly below earlier budgets but, at £85m, will still exceed the depreciation charge by £38m, all of which should be funded from internal cash flow.

But the battleground of the late 1980s will be North America and there the message is rather more ambiguous. Revenue growth in the first half was only 17 per cent, and presumably much lower in dollar terms, while depressed markets – particularly in commodities – have caused a high level of disconnections. The second balf will see the benefit of new services, which seem to be enjoying a good reception, but Telerate will be no pushover, nor, looking further out, will be Merrill Lynch and IBM.

Bowater Industries

So far, so good for Bowater shareholders. Those who went transatlantic on July's demerger ticket have seen the value of their original investment increase 37 per cent via the appreciation of their substitute holdings in the two new companies, compared with a 10.9 per cent gain in the FT-A All Share over the same period.

The performance of Bowater Industries' shares – up from the first day's trading level around 135p to last night's 173p – has been achieved in the face of considerable City uncertainty about the immediate earnings prospects, so yesterday's interim results might have caused some grief.

In the event pre-tax profits of £12.4m against £8.3m gave the UK group a less than sparkling debut, perhaps, but the 2p fall in the share price betrayed no great second thougbts about its evident potential.

Realising that potential might take a little longer than some had hoped. For all the dollar's strength and the recovery in newsprint prices the pulp and paper business bas seen only a modest return to profitability. More critically, the £40m reorganisation of the tissue products division will be more than a match for operating cash flow this year and possibly next year's too, while knocking pre-tax profits to the tune of about £8m in 1984.

In packaging, merchanting and its various service businesses, though, a bright start has been made. The recapitalisation of the balance sheet has meanwhile cut the net debt to equity gearing from December's pro forma 84 per cent to more like 10-15 per cent since July. The interest savings ought to help push this year's pre-tax profits well on their way to £40m, with another big jump still in store for next year.

Warning on central bank role in rescues

By David Lascelles in Rome

A WARNING that bank supervisors may be in danger of overprotecting banks when they get into touble were made yesterday by Dr Carlo Azeglio Ciampi, the Governor of the Bank of Italy.

He told a conference of international banking officials that that might give "serious grounds for concern, and corrective measures will have to be sought", preferably using internationally agreed criteria.

In a speech that was outspoken by central bank standards, Dr Ciampi also implicitly criticised the U.S. authorities' handling of the Continental Illinois crisis. He said that, particularly in the case of large banks, bank supervisors allowed their fears of traumatic losses and crises of confidence in the banking system to take priority over market discipline.

When a bank could not be saved through the injection of new capital or takeover, it should be liquidated, he said. "De facto protection must not encourage the spread of expectations that cover will automatically be complete", he told the supervisors, who had assembled from 87 countries for their first important gathering for three years.

While reflecting one side of the debate about managing banking crises, Dr Ciampi's tough remarks were seen by some as a defence of the Bank of Italy's own highly controversial handling of the Ambrosiano affair, when it refused to accept responsibility for the failed bank's foreign subsidiaries.

He also defended the Bank of Italy's reconstitution of the remains of Ambrosiano by saying there were cases when some banking structures could be preserved for the good of the economy.

The conference expects to approve a plan for supervisors to exchange information about their practices through the Bank for International Settlements in Basle. The aim would be to reduce the unfair competition that arises in the international marketplace when authorities support uncreditworthy banks.

Manufacturing output in UK shows unexpected July setback

BY PHILIP STEPHENS IN LONDON

THE OUTPUT of Britain's manufacturing industry fell by 1 per cent in July, while the sharp cut in coal production caused by the miners' strike continued to depress overall industrial output.

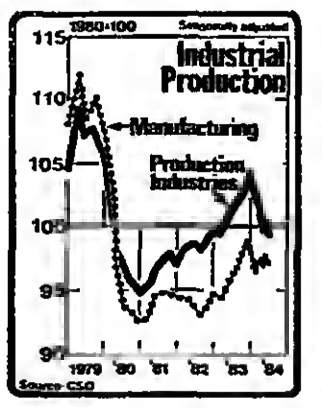
The fall in manufacturing output is likely to cause some concern in Whitehall since industry has been largely unaffected by the strike.

Officials were pointing out last night that monthly figures are often misleading, and that the rise in output in June had been revised upwards from earlier estimates.

None the less the figures show that manufacturing production has been essentially flat this year after rising strongly throughout much of 1983.

With unemployment still rising, the Government must now hope that strong corporate profitability and capital investment will soon start feeding through to increased output.

One encouraging sign came from separate statistics released yesterday sbowing that capital investmeot has been buoyant so far this year.



Capital expenditure by manufacturing, construction, distribution and financial companies rose by 9 per cent in the first balf of the year compared with the preceding six months.

The Confederation of British Industry also expects manufacturing output to pick up later in the year, and suspects that the latest monthly figures may understate actual production.

Against that, a continued rundown of stocks by manufacturing industry in the first balf of this year indicates that companies are still far from confident that they can afford to step up production.

The figures for overall industrial output sbow that it fell by about 2 per cent in the three months to July compared to the previous three-month period, to stand about ½ per cent less than a year earlier.

But around three quarters of the fall was accounted for by the loss of coal production due to the miners strike, and the *trend* in other production industries was basically flat.

White House to be told of UK concern over Laker 'conspiracy'

BY LYNTON McLAIN IN LONDON

SIR MICHAEL Havers, Britain's attorney general, is to tell President Reagan's White House counsel next week that the UK Government is concerned over the U.S. investigation into allegations of a conspiracy among airlines to put Laker Airways out of business.

The U.S. Justice Department is looking into allegations that international airlines operating on the North Atlantic routes conspired to price Laker out of the market with low fares. Laker Airways went into liquidation in February 1982 and Mr Christopher Morris, the liquidator, has already filed a civil suit against the airlines with similar allegations.

British Airways, the state-owned airline, which the Government wants to sell to the private sector by the end of March, is one of the airlines under investigation.

"We take the view that some of the U.S. assertions of jurisdiction over non-U.S. companies in respect of things done outside the U.S. go beyond wbat is allowed," Sir Michael's office in London said yesterday. "We believe the Laker proceedings are misconceived."

Sir Freddie Laker

Sir Michael, who bas been in the U.S. since the weekend, will meet Mr Fred Fielding, the White House counsel, for lunch on *Monday* or Tuesday next week.

"Sir Michael bas not gone specifically to raise anything, but it would be surprising if Laker was not brought up," the attorney general's office said.

The civil law suit could bring Laker creditors damages of $1.1bn against one or more of the airlines alleged to be involved in the conspiracy.

The UK Government failed to *prevent Mr Morris from going* ahead with his action in the U.S. against British Airways and Britisb Caledonian Airways when he won a case in the House of Lords in June.

Talks continue in British pits strike

Continued from Page 1

The senior leaders of the Trades Union Congress who have been monitoring the NCB and NUM talks believe that the gap between the two sides has narrowed significantly – but are uncertain whether this is sufficient to erode the points of *principle*. There is little bope elsewhere within unions, in government and even within the NUM that agreement can be found soon.

The NCB has proposed sucb phrases as "the responsible use of buman and financial resources" *and the* "economic use of manpower." On Wednesday, it proposed a formula to seek to retain only those pits with reserves "which could be developed to provide the board with a basis for continued satisfactory operation."

All of those forms of words are, bowever, seeo by both sides as retaining the board's right to close uneconomic pits without the NUM's agreement.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	25	77	Dubrovnik	S	25	77	Malaga	C	24	75	Salzburg	S	20	68
Algiers	S	27	81	Faro	S	25	77	Malta	F	28	82	Seoul	S	24	75
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Amsterdam	[illegible]	[illegible]	[illegible]	Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
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Dublin	[illegible]	[illegible]	[illegible]												

Readings at mid day yesterday.

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Airbus clinches deal with Pan Am

Continued from Page 1

against its rivals, Boeing and McDonnell Douglas.

Engines for the new aircraft have yet to be decided upon, but will be either Pratt & Whitney or General Electric (U.S.) in the A-300s and A-310s, and may possible include the new five-nation V-2500 engine being developed by International Aero Engines, in which Rolls-Royce has a 30 per cent stake.

The deal also clinches the position of the newly launched A-320 in world markets. Hitherto, only five operators had ordered the aircraft – Air France, Air Inter of France, British Caledonian, Inex Adria of Yugoslavia and Cyprus Airways, collectively signing for 51 aircraft.

The accolade of a big U.S. airline order is likely to prompt other leading airlines to consider the A-320 while forcing Boeing and McDonnell Douglas to reconsider their own positions in the 150-seater market.

So far, McDonnell Douglas has offered world airlines its new MD-80 in that field, but Boeing still has to make up its mind on which aircraft to offer, either a new version of the already successful Boeing 737, or an entirely separate venture, the "7 Dash 7."

Seattle-based Boeing said it was "naturally" disappointed over the Pan Am deal. "We felt that we had put forward to Pan Am the best proposals we could that both matched its lift requirements and was commercially feasible," Boeing said.

Mr C. Edward Acker, chairman and chief executive of Pan Am, said in New York yesterday that the Airbuses would complement the airline's existing big fleet of 48 Boeing 747s.

Pan Am's fleet also includes nine TriStars, 18 Boeing 737-200s and 36 Boeing 727-200s. By the end of the decade, the fleet will comprise only three types – the 747s, the Airbus A-310-300s and the A-320s.

Airline analysts in New York broadly applaud the switch, but are hesitant on whether Pan Am can see the change through

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Friday September 14 1984

BHP wants oil royalty suit heard in Australia

BY MICHAEL THOMPSON-NOËL IN SYDNEY

BROKEN HILL Proprietary (BHP), Australia's largest company, is seeking to have a $400m royalty payments suit against it heard in Australia rather than in New York.

Oil Basins, which has made the claim, is a subsidiary of Weeks Petroleum which is in turn part of Bell Resources, the energy and exploration offshoot of Mr Robert Holmes à Court's master company, Bell Group.

The claim relates to royalties on oil and gas production in Australia's Bass Strait, between Victoria and Tasmania, and is being pursued by the Bermuda-based Oil Basins.

BHP denies the claim. The disagreement stems from an Australian Government decision in 1975 to place Australian oil prices on a par with world oil prices – a move that benefited neither BHP nor its Bass Strait partner, Esso, nor the family of the late Dr Lewis Weeks.

Dr Weeks discovered the fields, and was granted an overriding royalty on Bass Strait production by BHP in 1960.

BHP said yesterday: "BHP Petroleum has called upon Oil Basins to submit this matter to arbitration. BHP believes that Victoria is the most appropriate place to hold such arbitration, and that litigation commenced in the local state court of New York is an entirely inappropriate method of settling a dispute concerning royalty entitlements to Bass Strait production."

The Weeks royalty is in theory calculated on the gross wellhead value of Bass Strait production. Oil Basins is claiming that BHP has improperly been deducting certain production, processing and marketing costs from this value, and that government excises on Bass Strait production should be included in the figure on which the Weeks royalty is calculated.

"BHP Petroleum believes there is no basis for the allegations made by Oil Basins," BHP said. "It has applied to have the matter referred to arbitration in accordance with the royalty agreement."

Bell Resources (itself a significant shareholder in BHP) is proving a tricky thorn in the "big Australian's" side, though the two are partners in massive coal properties in Queensland.

On Wednesday Bell Resources reported a net profit for the 12 months to June 30 of A$11m (U.S.$9.4m), and an annual dividend of 25 cents per share. On September 7, the market value of its BHP shares was A$206.3m. It values its future Bass Strait royalties at between A$312m and A$603m.

"The company's exposure to oil exploration may currently be absorbing too large a percentage of our resources," says Mr Holmes à Court, "particularly in view of the fact that our interest in the Bass Strait royalty provides a large investment in oil and gas production and in exploration."

U.S. drugs group in $160m takeover

By Our Financial Staff

SMITHKLINE Beckman, the major U.S. pharmaceuticals company, yesterday moved to increase its presence in the eye care products sector by announcing preliminary agreement to acquire International Hydron, a U.S. manufacturer of contact lenses, for $160m in cash.

The deal follows the sale in March of SmithKline's industrial instruments business for $200m, and represents an attempt by the company to bolster its non-drugs business in the face of increasingly stiff competition for its anti-ulcer Tagamet drug.

Sales of Tagamet, which faces direct competition from Glaxo's Zantac, accounted for more than 3 per cent of revenues of $2.8bn in 1983, but growth slowed from previous years.

SmithKline's share price opened yesterday at $55⅛, against a 52-week high of $68⅞, reflecting Wall Street's concern about the company's dependence on the drug.

Under the agreement announced yesterday, public shareholders of International Hydron will receive $18 a share, while National Patent Development, which owns about 90 per cent of the common stock, will receive about $140m and royalties on future International Hydron sales.

SmithKline said the acquisition would become part of its Allergan Pharmaceuticals eye care business, which last year had sales of $202m. International Hydron had sales of $41.8m in 1983.

Although SmithKline's share price has fallen analysts are optimistic that sales of Tagamet should hold up well this year, bolstered by new higher dosage formulations.

Tea drinkers in Indonesia take to the bottle

BY KIERAN COOKE IN JAKARTA

TEA-DRINKING purists who shudder at the mention of tea bags and turn up their noses at blended teas may find the idea of tea ready-made in a bottle unthinkable. Yet in Indonesia, the locally made Tehbotol has in a short space of time come to sell at the rate of 1m bottles a day.

Its makers say they have taken on the big foreign soft drink companies and won: they estimate that Tehbotol now holds about 25 per cent of the market, and believe it is set to capture a larger slice.

Tehbotol is produced by the Sinar Sosro Group, a family-owned business with interests in all sectors of the tea trade. Its director is Surjanto Sosrodjojo, youngest of six sons in a Chinese-Indonesian family. He was studying in West Germany in the mid-1970s when the call came from home to help with the family business, which at that time was going through a difficult period because of falling international tea prices.

"We had excess tea from our plantations and one way to use it was to put it in soft drinks. We found out that when Indonesians went to restaurants, 80 per cent drank tea, either hot or with ice cubes in it. So Tehbotol was born."

Surjanto is reluctant to discuss profit figures, saying only they are "quite big." However, he has no doubt that one of the great reasons for the success of Tehbotol is that it has appealed to a growing "buy Indonesian" sentiment.

Sinar Sosro has from 1976, when Tehbotol first appeared, exploited nationalism in the marketplace. Its bottles are coloured red and white, the colours of the national flag.

The drink is also cheap, only just over 60 rupiahs (about 6 cents) from the factory and it sells on the street for almost half of the cost of Coca-Cola and Sprite. One of the secrets of its success is that retailers are able to impose considerable markups, while still selling well below the price of other drinks.

Hawkers, complete with specially designed Tehbotol cool boxes and trolleys are seen throughout Java. The company now has three factories – one in Jakarta with three production lines, one in Surabaya in West Java with two production lines and one just opened in Medan in North Sumatra with two production lines.

Sinar Sosro insists that Tehbotol is not only the national drink, but also a natural drink, containing no preservatives, flavourings or colouring. "It is purified water, jasmine tea and 8 per cent cane sugar," says Surjanto.

It is not to everyone's taste, however. Westerners generally find it too sweet, while a move into the Singapore and Malaysian market last year was only partly successful.

However, with a home market of 160m Sinar Sosro is concentrating its energies on Indonesia. It is also seeking to diversify and to use excess bottling capacity. Earlier this year it signed a packing and bottling agreement with Schweppes for a whole range of soft-drink products. And if tea in a bottle seems a strange concept, the company's latest idea is wine tea in cartons.

Reform of bid rules attacked by SEC

WASHINGTON – The Securities and Exchange Commission has "serious concerns" about proposed tender offer reform legislation pending in the House of Representatives, Mr John Shad, SEC chairman, said yesterday.

The legislation, which prohibits several defensive manoeuvres by targets of hostile takeover bids, could come up on the House floor as early as next week.

In a letter to Mr John Dingell, chairman of the House Energy and Commerce Committee, Mr Shad said the Commission opposed three provisions in the proposed measure.

It opposed a requirement that bidders prepare a "community impact statement" detailing possible effects the takeover might have on the target company's community and employees.

The SEC also objected to a provision lengthening the minimum period for which a tender offer must be made to 40 calendar days from the 20 business days specified in current SEC rules.

Finally, the SEC objected to the absence of standards for the types of tender offers that would trigger the Bill's restrictions on defensive tactics.

"Given these three flaws, the legislation would upset the balance between bidders and targets to the detriment of the efficiency of the nation's securities markets and the interests of shareholders," said Mr Shad.

Reuter

Adelaide lifts earnings 27% in full year

By Our Sydney Correspondent

ADELAIDE STEAMSHIP Company (Adsteam), the Australian investment and food group, returned a 27 per cent gain in net profit for the 12 months to June 30 to A$41.1m (U.S.$34.9m), and is raising its annual dividend by 3 cents a share, to 25 cents.

Adsteam's associate companies include David Jones (retailing), National Consolidated (diversified motor components manufacturer), Tooth and Company (brewer), and Petersville (food).

Extraordinary profits of A$13.5m boosted total earnings to A$55.1m, more than A$14m up on last year.

Adsteam, formerly an aggressive corporate raider, has been quiet of late. It said yesterday it was continuing to consolidate and rationalise.

"We've made no major acquisitions, but have concentrated more on improving returns and lessening our borrowings," said Mr Michael Kent, a director. However, interest payments rose from A$15.7m to A$16.1m.

● Wormald International, the Australian fire protection, pump and general machinery maker which owns the Mather and Platt group in the UK and The Ansul company in the U.S. has reported a small drop in net profits for the year to June, to A$21.07m ($17.7m) from A$22.1m previously, writes our financial staff.

Trumps near control of Pay 'n Save

BY OUR FINANCIAL STAFF

A GROUP headed by two U.S. investors, Eddie and Julius Trump, yesterday appeared to be close to winning control of Pay 'n Save, a West Coast drugstores group, after raising their bid to $358m.

The group said it acquired an option to buy the 2.8m Pay 'n Save shares owned by Mr Samuel Stroum and Mr Stuart Sloan, the company's two largest shareholders, for $23.50 a share.

In return the Trump group agreed to increase its offer to all shareholders to $23.50, compared with $22.50 in the tentative deal announced earlier this year. Shares in Pay 'n Save, which are quoted over-the-counter in the U.S., closed at $23¼ on Wednesday.

The Trumps will start a tender offer for all Pay 'n Save shares at the new price by September 19, with the offer subject to the receipt of at least 51 per cent of the stock. The tender offer will be followed by a cash merger at the same price.

The new agreement is subject to approval by the Pay 'n Save board, which was due to meet late yesterday.

Pay 'n Save operates about 140 drugstores in Washington, Oregon and eight other western states, and also operates 90 home centres, clothing stores and car parts shops.

The company, which last year had net profits of $30.1m on sales of $1.2bn, lost some popularity on Wall Street earlier this year after the controversial takeover of a marginally profitable drug wholesaler, but analysts still expect earnings to rise this year.

Heineken buys into Cameroon

BY OUR FINANCIAL STAFF

HEINEKEN, the Dutch brewer, has acquired 34 per cent of International Brasserie of Cameroon for Fl 5.7m ($1.69m).

Heineken will produce Amstel and Mutzig brand beers in a brewery which is under construction in Douala in Cameroon. Start-up for the new plant is planned for the end of this year.

The brewery will have an initial capacity of 250,000 hectolitres a year and the marketing of Heineken brands will be confined to the Cameroon. Heineken already claims an eighth share of the African beer market, where Cameroon is the third-largest consumer.

Using a dominant share of the Dutch beer market to provide an efficient base for manufacturing costs, the group has built itself into a major exporter. Heineken is the widest selling imported beer in North America.

Group profits for the first half of 1984 rose by 16 per cent

Club Med to issue shares on Wall St

By Our Financial Staff

CLUB Mediterranée, the French holiday village group, is set to tap Wall Street for funds through an issue of shares in its U.S. subsidiary, Club Med Inc.

Club Med Inc has filed an initial offering of 2.58m shares with the Securities and Exchange Commission. After the offering, Club Mediterranée's full control of Club Med Inc will be reduced to 78 per cent.

The financing move, announced in July as a 2.16m share issue, is well advanced. It will be made through an underwriting group managed by Shearson Lehman American Express, E. F. Hutton, Lazard Freres and Merrill Lynch.

Club Med Inc was formed earlier this year to manage the group's U.S. and Pacific area operations and allow freer access to capital markets.

Proceeds of the share issue will be used to finance the company's expansion programme, although initially part of the new capital will go towards repaying debt.

Marui returns low earnings advance

BY OUR FINANCIAL STAFF

MARUI, Japan's leading instalment sales retailer, has announced only a marginal rise in parent company net profits, to Y5.05bn ($20.8m) from Y5.01bn, for the six months to July 31. Earnings per share, however, fell from Y21.57 to Y19.20 following the issue of 30.5m shares over the period.

Sales of the retailer, which has the much publicised aim of opening a store in front of every railway station rose by 7.7 per cent to Y139bn from Y129bn. Pre-tax profits were ahead 9.4 per cent to Y11.11bn from Y10.16bn. There is to be no interim dividend.

For the full year, Marui is forecasting a parent net profit of Y10.3bn, which compares with Y10.01bn previously, on sales up 7.2 per cent to Y305bn. A total steady dividend of Y15 is forecast.

● Foreign net buying of Japanese bonds, including Treasury bills, rose sharply in August to Y320bn from Y119.9bn in July and Y4.6bn in June, according to the Securities Dealers Association.

The figures cover trades on a contract basis through 22 Japanese securities houses and 34 banks.

According to statistics from the Ministry of Finance there were record net foreign sales of Y217.8bn in July. However, these figures exclude Treasury bills and include redemptions.

New Sandoz drug under fire in U.S.

By Carla Rapoport in London

SALES of a promising new product from Sandoz, the Swiss chemicals and drugs group, could be damaged by a report showing that the new drug can cause kidney damage.

Scientists at Stanford University in California reported their findings in this week's issue of the respected New England Journal of Medicine. Their study of Sandoz's cyclosporin, an immunosuppressant used in transplant patient to inhibit the body's defence system against foreign tissue, said that continuous use can cause permanent kidney damage.

The study pointed out, however, that the benefits of cyclosporin could be retained by modifying its chemical structure or by lowering the dose and shortening the duration of its use after transplantation.

Dr Bill Shore, director of clinical research for Sandoz UK, said yesterday that cyclosporin was a major breakthrough in the pharmaceutical field. He had not seen the Stanford study, but said the drug had been known to show some kidney toxicity in some cases. As a result, the company is carefully monitoring the dosages used by doctors in an effort to reduce possible toxicity.

The company is also testing some modified versions of the product, but these are some years away from the market.

The product was approved for use in the UK about 18 months ago and in the U.S. about one year ago.

Sandoz shares were unchanged in Zurich yesterday at SwFr 7,050 ($2,842).

Japan profits look up

TOKYO – Nikko Research Centre, which is associated with the brokers of the same name, said that it had revised upwards its forecast for the increase in pre-tax profits by major Japanese companies for the six months ending March 31, 1985.

It now believes these will rise by an average of 17 per cent over the preceding six months. In June, it forecast a 13.6 per cent increase.

However, Nikko said that pre-tax profits in the six months ending September 30 are expected to fall by 8.1 per cent over the preceding six months, after a 5.5 per cent fall predicted in June.

Nikko attributed the steeper fall in profits in the current six months to large foreign exchange losses suffered by oil and electric power companies.

It said pre-tax profits of companies excluding oils and electric powers in the current six months will be up 2.8 per cent compared with a previously forecast 1.6 per cent rise.

Factors expected to boost profits in the following half year are a rise in the export price of steel, especially seamless steel pipes, increased demand for electronic appliances at home and abroad and the yen's fall against the dollar.

The survey covered 555 companies listed on the Tokyo stock exchange

Agencies

Océ files for U.S. stock market listing

OCÉ-VAN der Grinten NV, Dutch photocopier maker, has formally applied for a listing on the U.S. stock market with the Securities and Exchange Commission.

According to its provisional prospectus, the company expects to issue 200,000 nominal Fl 20 ($6.06) ordinary shares in the form of American Depositary Receipts, with an additional 20,000 possible if the issue is oversubscribed.

If market conditions allow, the issue will be offered to the public after mid October. Océ expects five ADRs to be equal to one ordinary Océ share.

Morgan Stanley will lead the syndicate of issue underwriters, Océ said.

In April Océ was looking into a U.S. listing and considering issuing shares up to a maximum of 10 per cent of its outstanding share capital, which at the end of May totalled 2.26m nominal Fl 20 shares.

Reuter

Wintershall expects to hold profits level

By John Davies in Frankfurt

WINTERSHALL, the West German oil, gas and chemical group, expects earnings this year to reach about the same level as last year despite difficult market conditions.

The group, a subsidiary of the BASF chemical group, earned net profits of DM 242m ($80.6m) last year, up 42 per cent on 1982, on group sales of DM 10.5bn.

Herr Heinz Wüstefeld, the chief executive, said that losses on oil refining activities had begun to decline in the second half of last year, but now had worsened again because of a return to "murderous competition."

Although refining losses would not be as low as hoped, they would still be about half of last year's DM 200m.

Wintershall increased its sales revenue to DM 5.5bn in the first half of this year, 9 per cent ahead of the same period last year.

It boosted production of oil from its wells in West Germany and abroad by 8 per cent in the first half of this year to 1.5m tonnes.

INTL. COMPANIES and FINANCE

Central bank defends new Egyptian loan limits

By Tony Walker in Cairo

EGYPT'S new lending regulations, which limit loans to a single borrower to one quarter of a bank's paid up capital and reserves, are aimed at encouraging a more active banking sector, according to a senior Central Bank official.

Mr Ismail Hassan Mohamed, director of the Central Bank of Egypt's control department, said the new limitation was in accord with prudent banking practices and was similar to measures applied elsewhere.

Foreign bank representatives in Cairo were informed of the new regulations last month. The bankers, who were not consulted before the measure was introduced, believe it too restrictive.

For those foreign banks in Egypt with a paid up capital of the minimum required under Egyptian law, about US$2.5m, the maximum loan that could be made to a private sector customer would be around $600,000.

Foreign bankers have complained that this places an unreasonable restriction on their activities, but Mr Mohamed disagrees. He says the measure is aimed at "strengthening activity" in the banking sector.

"We believe this regulation is for the benefit of banks," he said, and added: "If foreign currency branches wish to increase business, they should transfer sufficient funds for this purpose." There are more than 20 foreign currency branches of international banks operating in Egypt.

Mr Mohamed expects that consortia of banks will be encouraged to participate in loans under the new regulations. He also hoped that foreign currency branches would undertake syndicated loans with local banks. He said the new measure would not affect "good loans."

The bank official would not comment on difficulties experienced earlier this year by three local banks in dealings with Jammal Trust, a Lebanese-owned foreign currency branch, except to say the problem had been solved.

Egypt's banking system was thrown into turmoil when Jammal Trust refused to honor cheques on behalf of a well-known Egyptian money-changer. The cheques, made out to three Egyptian banks, amounted to some $20m.

The Egyptian authorities believe that if there were stricted credit controls such a problem would not have arisen. Jammal Trust has agreed to refund money owed to the local branch through an arrangement with the Irving Trust company of New York.

Foreign bank representatives say the loan measure is aimed in part at encouraging foreign currency branches to increase their equity base in Egypt and also to boost reserves available for lending on Egyptian projects.

Albaab denies loan default by Artoc Bank

By Mary Frings in Bahrain

ARTOC BANK and Trust company (ABT) of Nassau, Bahamas, is not in default on its $15m medium-term syndicated loan from a group of 13 Arab banks, according to Al Bahrain Arab African Bank (Albaab), the agent bank for the facility.

Albaab said that the interest payments were current. ABT had called the banks involved in the syndication to a meeting yesterday to invite them to change the currency of the loan from U.S. dollars to Swiss francs. The banks were also invited to take up ABT preference stock in order to improve the bank's capital structure.

After the meeting ABT said that suggestions for a possible rescheduling of the loan had been tabled but that no decision had yet been reached.

Mr Ebrahim Al Ebrahim, who is chairman of both Albaab and of its majority shareholder Arab African International Bank, was officially stated to have left the board of ABT in this financial year and to be no longer connected with it.

Chris Sherwell on the latest threat to Thailand's fragile financial system

Bankers fear collapse of chit funds

GILDED WROUGHT iron gates and mosaic walls help identify the elegant two-storey residence of Mrs Chamoy Thipso near Bangkok's airport. So does the number of people waiting outside.

Mae Chamoy, as she is known, s the opertor of a huge private fund which, along with others, is reckoned to be the latest threat to Thailand's fragile financial system.

This fragiliy has been highlighted over the past year by the failure of numerous finance companies and by the government's take-over of a commercial bank, Asia Trust, last month. Differences between Mr Somme; Hoontrakool, the Finance Minister, and Mr Nukol Prachuabmob, the Bank governor, culimated in the governor's ignominious sacking this week.

The so-called "chit funds" have been eqnally vexing for the government. The Thai Bankers Association as complained long and loudly about them. A prominent politician and former premier has said there would be havoc if the funds collapsed, and the government itself has called them a threat to public order and the country's economic atability.

This week the cabinet agreed in principle on a decrec banning the funds and it was this that produced the anxious queues. But it could be some time before the ban becomes effective and in the meantime contingency plans have been made in anticipation of any collapse.

A good deal of mystery surrounds the Mae Chamoy oil share fund, how exactly it works, who is behind it and how long it can survive. Estimates of its size vary, but all are large—from 3bn BAHT to 8bn BAHT ($348m).

Mae Chamoy's investors are invited to buy an oil share, equivalent to a truck load of oil ostensibly destined for the country's petrol stations. This is worth around 160,000 to 190,000 baht, but it seems that clients have also been able to buy parts of a tanker—a wheel, for example—for a smaller sum.

The returns offered are just over aix per cent a month, higher than can be obtained from any bank or finance company. The investors are expected to leave their money in the fund for some time but can apparently withdraw it provided adequate notice is given. Post-dated cheques inevitably play an important role in the operatimn.

One of the biggest mysterles is how Mae Chamoy can offer such returns. Investigations by the authorities are said to show that she is not in the oil distribution business in any hig way, and that she bas kept large sums of money on deposit at various commercial banks.

This has led some to suggest that the fund is simply a pyramid operation, in which money from new investors is used to repay old investors—a dangerous operation which depends for its survival on always finding an increasing number of new clients.

Funds such as Mae Chamoy's are in fact believed to be used for lucrative business operations—commodity dealing, spot oil transactions, land speculation, and arms dealing. If so 6 per cent a month may not seem extravagant. Yet the question remains of whether it can be sustained.

The dismissal this week of Mr Nukul Prachuabmoh, the governor of Thailand's central bank, has highlighted the difficulties facing the country's financial system. Problems in exercising effective control over the management of the country's banks, finance companies, and private funds were among the reasons the ex-governor gave recently for changing the Thai laws so as to give the regulatory authorities "more teeth."

For the fund's organisers, the chances of success can be improved if it is widely believed that the fund involves leading personalities and has powerful backers. Mae Chamoy is frequently seen at major functions with important public figures present, and donating large sums to good causes.

At one point last month, Gen Artbit Kamlang-Ek, Supreme Commander of the armed forces and one of the most powerful men in the country, was actually forced to deny rumonrs that he had invested in the fund.

Mae Chamoy herself, a debonair lady with a flair for publicity, has admitted that many servicemen and Petroleum Authority employees have invested in the fund. She apparently runs the business with just three assistants, and it is presumed to be computerised.

Official worries grew as the fund expanded, principally because its possible collapse might hit the banking system much as a bank collapse would. The central bank has already supplied funds to at least one bank to see it over a liquidity crisis, and it has ordered banks to screen loan requests to halt tha funds' growth.

High-level protection for the funds, if it exists, could cause problems for those pushing for implementation of the ban. Mae Chamoy has remained brashly confident about the future of her fund, claiming that it would be little affected by the Government's plans and that it will survive another 20 years.

The trouble is, ordinary individuals have mortgaged their assets, borrowed money and withdrawn their savings to invest in the fund. A collapse would therefore cause an embarrassing public outcry from those hurt by it, and this could have serious political consequences

The Government's line is that investors should have to pay any penalty that results from placing their money unwisely. To judge by the authorities' past actions over troubled finance companies, however, they might at least get their original investment back over a period of years.

The risk la that the Government might precipitate the collapse it would prefer to avoid. However, in the view of one banker, the collapse is inevitable and it would be far better if it comes sooner rather than later.

Cascade pegs dividend at 17 cents

By Michael Thompson-Noel in Sydney

TASMANIA'S Cascade Brewery bas reported a net profit of A$5.2m (US$4.4m) for the 15 months to June 27 compared with a profit of A$2.8m for the previons 12 months.

Earlier this year, Cascade became a subsidiary of the Sydney-based investment group, Industrial Equity, following a protracted takeover struggle. Cascade's turnover in the 15 months was A$104.7m. The final dividend is nine cents a share for a total of 17 cents for the 15 months, the same as for the previous 12 months.

First-half fall at United Estates

BY WONG SULONG IN KUALA LUMPUR

UNITED ESTATES PROJECTS, a major property developer in which Sime Darby is to take a 32 per cent stake, bas reported an 8 per cent drop in pre-tax profits to 18.7m ringgit (US$8.1m) for the six months to June.

After-tax profits were 9.4m ringgit, a fall of 16 per cent, while turnover was little changed at 55.3m ringgit. There was also an extrordinary gain of 18.8m ringgit arising from the recent sale of Subang View Hotel for 56.2m ringgit to the Faber Merlin group.

UEP, which is the exclusive developer of the highly successful Subang Jaya Township outside Kuala Lumpur, said it was confident that, despite the first balf decline, the projected pre-tax profits of 55m ringgit for the full year would be achieved.

In an announcement last week, Sime said it would acquire 64.72m shares in UEP from Peremba and Baktimu—two companies controlled by Daim Zainuddin, the Malaysian Finance Minister—in exchange for 97.08m new Sime shares.

The deal, which is extremely advantageous to Peremba and Baktimn because of the low current value of Sime shares, will give Sime access to the expertise of a major property developer, while UEP will have access to Sime's extensive land bank for development.

● Palmco, Malaysia's largest palm oil refiner, has reported a return to profitability bnt the slim margins are a reflection that the industry is still facing difficult times owing to excess capacity.

Pre-tax profits for the year ended June rose to 6m ringgit from 2m ringgit, while after-tax profits were 3.5m ringgit compared with a loss of 424,000 ringgit. No dividend is to be declared.

Turnover rose by 45 per cent to 642m ringgit, largely dne to a jump in crude palm oil prices

Palmco said its recent rights issue and a special share issue to Malays have raised 62.6m ringgit which will be used to upgrade and expand existing facilities and for new investments.

FINANCIAL TIMES SURVEY

Friday September 14 1984

The industry is having a boom year for sales, which are likely to increase by 48 per cent to $27bn. New advances and products with a wide range of applications are bound to ensure continued expansion.

Semiconductors

THE REVOLUTION IN ELECTRONIC COMPONENTS

By Guy de Jonquieres and Louise Kehoe

FOR THE world semiconductor industry, 1984 seems certain to prove a year to remember. A massive surge in world demand has sent almost every key indicator in the industry's performance soaring to record levels since January and kept most major manufacturers working at a feverish pace.

Japan, especially, has made a huge commitment to expanding its semiconductor manufacturing in the past five years and has successfully captured a large share of some key product areas previously dominated by the U.S.—particularly dynamic random access memory chipe (D-Rams).

The Japanese, in turn, are starting to face competition from some of their Asian neighbours, notably South Korea, where the four largest electronics companies plan to invest more than $1bn over the next five years in a bid to become an international force in memory devices.

Worldwide semiconductor sales are likely to increase by 48 per cent to $27bn this year, according to Integrated Circuit Engineering (ICE), a U.S. consultancy group. That is a dramatic advance even for an industry which has for some years averaged about 20 per cent annual growth in sales.

Whether this rate of expansion can be sustained for much longer is uncertain, however. Indeed, there have recently been signs of a slowdown in the U.S. and of some easing in prices. Some forecasters there believe that market conditions may become more difficult next year when supply is boosted as new factories, planned earlier in the upturn, start to produce.

The market's strength so far has been underpinned by two main factors. The first has been the recovery in many of the world's leading industrial economies, above all in the U.S., which accounts for more than 40 per cent of the world semiconductor market and whose industry produces more than half the total output.

In June, semiconductor sales in the U.S. set a record for a single month, exceeding $1bn.

The second factor, harder to quantify precisely but of more enduring significance, is the apparently boundless proliferation of applications for semiconductors as technology and competition combine to produce ever more powerful silicon chips at ever lower cost.

Efforts

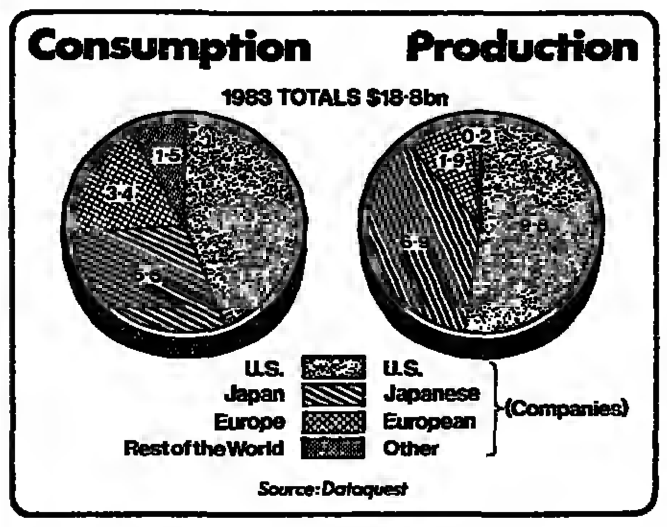
In Western Europe, whose indigenous semiconductor industry has trailed increasingly far behind the U.S. and Japan in the past few years, renewed efforts are being made to narrow the gap. Spending on research and development is being stepped up sharply, much of it through collaborative schemes such as the EEC's Esprit and Britain's Alvey programmes, while many leading concerns have recently unveiled plans to expand and modernise their chip production methods.

The U.S. industry is at least keeping pace with investments by its leading international competitors. Worldwide, the value of capital spending by semiconductor manufacturers is expected to leap 60 per cent this year to about $6.4bn, according to ICE.

Since 1970 the number of transistors which can be crammed on the surface of an integrated cricuit, or microchip, has risen a thousandfold to around 1.5m, while the cost of a unit of semiconductor memory has fallen by the same order of magnitude.

The result has been not only to create completely new types of products, such as personal computers, but also to ferment a technological revolution in established industries such as telecommunications and mechanical engineering.

For such sectors, the application of microelectronic intelligence has become a vital determinant of commercial competitiveness.



Left: Welding wire leads to a silicon die on which a chip is taking form. Functions previously carried out by a number of separate mechanical or electronic components are increasingly being integrated on to a single chip.

As the circuit density of semiconductors grows, functions previously carried out by a number of separate mechanical or electronic components are increasingly being integrated on to a single chip. Product design teams in many industries are finding that the ability to translate their ideas directly into silicon is becoming an essential skill.

Recognition that such trends are set to continue over the longer term, probably at an accelerating pace, has convinced many countries that possession of semiconductor technology and production capacity is a strategic asset which will play a key role in their economic and industrial development.

Whether the market can absorb the output from all this additional capacity without suffering serious indigestion is a question which is increasingly preoccupying manufacturers. Much may depend on the general performance of the leading world economies.

In recent months there have already been some signs that the market may be softening. In the U.S. the semiconductor industry's "book-to-bill ratio," the key indicator which measures deliveries against new orders, has been falling. It has dropped from a peak of more than 1.6:1 at the end of last year to 1.06:1 in July, the latest month for which figures are available.

The U.S. Semiconductor Industry Association believes that most of the change is due to increases in production capacity; but it also blames a weakening of orders from the personal computer manufacturers. The July book-to-bill ratio for European suppliers looks somewhat healthier at about 1.4 : 1, though it has slipped since April.

Many manufacturers have so far welcomed the slackening as an opportunity to catch up with order backlogs. But a further fall in the ratios to below 1 : 1 (the point at which supply and demand balance exactly) could mean trouble. It would not necessarily mean a decline in the level of demand but it could signal the onset of fierce price competition and depressed margins.

The semiconductor industry is notoriously bad at forecasting supply and demand trends even a few months ahead. Most suppliers were surprised by the strength of the upturn when it began in the spring of last year. Part of the problem is the suddenness and violence with which changes in market direction occur.

Much of the industry remains subject to a repeated boom-and-bust sequence similar to the classic "hog cycle." But there is another twist. Production equipment grows obsolete at a relentless rate—its useful life can be as short as five years—and each new generation of chip-making machinery costs several times more than its predecessor.

Such investments can be fully justified only if unit costs are reduced by sizable increases in output volume.

When the market turns down, mass-produced "standard" chips such as D-Rams and microprocessors are usually hit hardest. This is one reason why many European electronics companies have been reluctant to make big commitments to making "standard" components, preferring to concentrate on more specialised devices aimed at narrowly-defined market segments.

Some U.S. suppliers of "standard" chips, notably Intel, argue that it is still possible to weather stormy market conditions by faster product innovation and plant modernisation.

Few leading U.S. "standard" component manufacturers have been able to shoulder the huge cost of staying competitive on their own, however. Most are now part of bigger industrial groups, and even Intel has IBM as a minority shareholder.

The alternative route to survival is to enhance the value of chips in ways that reduce the significance of raw production costs as a competitive element. This can be done either by packaging chips as part of bigger equipment and systems (for example, personal computers) or by building more features and intelligence into the components themselves.

Opportunities

The latter approach is widely seen as offering increasing opportunities in the next few years. Advances in computer-aided design techniques are making it much easier to preprogramme chips to perform the exact functions required for a particular duty and to make them economically in limited volumes.

Dataquest, the U.S. market research firm, forecasts that the market for such "application-specific" integrated circuits (ASICs) will be worth almost $9bn by 1990, four times larger than in 1980. It expects ASICs to account for almost a quarter of all chips sold by 1990, compared with about one-sixth four years ago.

Ferranti of the UK has already achieved a world lead in one of the main types of ASIC, so-called uncommitted logic arrays. Some experts believe that the market also offers promising opportunities for other European companies.

By emphasising programming skills and detailed knowledge of customers' requirements over sheer productive capacity, the ASIC business could reduce the competitive advantage which sheer manufacturing scale gives U.S. and Japanese companies in other types of semiconductor devices.

International competition is already growing intense, however. Established chip manufacturers in both the U.S. and Japan are becoming more deeply involved in the market, while the past three years has seen a rash of new ASIC companies set up in California's Silicon Valley.

European suppliers will need to move decisively if they are not to miss the boat once again.

Contents

Feeble record as world share falls

Europe

GUY DE JONQUIERES

"EVERY TIME I go to the United States I am reminded that over there high technology *is something which* makes money, while in Europe it is something which costs money," Viscount Etienne Davignon, the EEC Industry Commissioner, remarked in London recently.

There is probably no sector to which his bleak assessment applies more forcefully than the semiconductor industry, where Europe has signally failed to *reproduce* the *formula for the* exhilarating and profitable growth which has been exploited so successfully by U.S. and Japanese manufacturers.

Western Europe's feeble record is underlined by figures published by Dataquest, the U.S. market research firm. These show that between 1978 and 1983 European-owned suppliers' share of the total world market fell from 13.9 per cent to 9.6 per cent.

European-owned semi-conductor manufacturers have been unable to hold their own even on their home ground. Their share of European markets, totalling almost $3.4bn last year, has slipped since 1978 *to 40 per cent from almost* 45 per cent.

Moreover, their combined capital expenditure of a mere $300m last year trailed far behind the U.S. and Japanese industries, each of which invested more than five times as much.

The situation is made to look somewhat worse—though not fundamentally distorted—by *the recent strength of the dollar* against European currencies. There have also been a few individual success stories, notably Ferranti of Britain and SGS-Ates of Italy, both of which grew at a faster rate than the whole world market last year.

The importance of semiconductor technology as a factor *in* international economic competitiveness is increasingly recognised. As a senior official in the West German Research Ministry put it recently, with out mastery of the technology "we may ultimately lose our ability to define our own economic policy and join the ranks of the world's unemployed."

The Reagan Administration's recent tightening of controls on high-technology exports has added to these anxieties. There is an uncomfortable suspicion in many western European capitals *that these curbs coud easily* lead to disruptions in the flow of U.S. technology to the Allies.

Three themes are emerging in European responses to these challenges:

● Increased public backing—even by fiscally conservative Governments — for actions intended to strengthen high-technology sectors, and research and development in particular.

At a national level, the British, French and West German Governments are all committed to sizable multi-annual support programmes for their electronics industries.

Last year Britain launched the £350m five-year Alvey research programme, whose costs are shared by Government and industry. Earlier this year the West German Government announced a DM 3bn package, which included DM 500m for a project aimed at matching Japanese leadership in micro-chip memories by the end of the decade.

The EEC, after much hesitation, has also given the go-ahead for Esprit, a £1bn research and development programme involving a dozen major European companies. The European Commission hopes that Esprit's first fruits can be put to practical use in telecommunications, where attempts are being made to form a more cohesive EEC industrial policy.

● Wider collaboration. The various European support programmes all emphasises close co-operation, both between different electronics companies and between industry, universities and research institutes. Indeed, *it is a* condition of Esprit that eligible projects must involve partners from more than one EEC country.

Many companies are turning to collaboration in any event to ease the mounting burden of development costs, though alliances with U.S. and Japanese partners still predominate. But more efforts are being made to form intra-EEC links.

Joining forces

For instance, West Germany's Siemens and the Philips group of the Netherlands, the two largest European-owned electronics manufacturers, are joining forces in advanced research and development on VLSI.

● A somewhat more aggressive attitude towards competitive markets, coupled with a *more professional approach to* management among the semiconductor manufacturers.

This trend, though still fragmentary, is particularly marked *among state-owned* companies, which have often suffered in the past from either an excess of government interference or from management neglect.

SGS-Ates, owned by the Italian state holding company Stet, has achieved a remarkable turnround in the past three years due to the advent of a capable management team schooled in the U.S. semiconductor industry. The company has returned to profit and launched an ambitious expansion programme aimed particularly at the U.S. market.

In France the state-owned Thomson group is also engaged in a vigorous drive to revitalise its semiconductor business. Last year it succeeded in increasing worldwide revenues by 32 per cent and it aims to become one of the world's 10 biggest suppliers by 1990.

Again, Thomson owes its success partly to a decision to bring in managers from U.S. companies and to give them their head.

In the private sector, Siemens of West Germany is *also investing heavily in* an attempt to increase its penetration of world semiconductor markets and recently won the accolade of a sizable order from IBM.

Although Siemens is one of Europe's few large-scale manufacturers of "standard" micro-chips, it has tended hitherto to view its semiconductor business mainly as a source of supply for its own production needs.

The European semiconductor industry still has a number of handicaps by comparison with its international competitors, however. In particular, there is still an acute shortage in many countries of the venture capital financing which has played a major role in U.S. high-technology enterprises.

It is ironic that of the European companies which have recently shown a U.S.-style appetite for risk, three—Britain's Inmos, Italy's SGS-Ates and France's Thomson—have enjoyed extensive state backing.

TOP TEN
Integrated circuit suppliers—Europe ($m)

Supplier	Total 1982	1983
Texas Instruments (U.S.)	260	281
Philips (Netherl'ds)	215	275
Motorola (U.S.)	144	179
National Semiconductor (U.S.)	128	150
Intel (U.S.)	137	150
Siemens (West Germany)	100	122
Hitachi (Japan)	70	111
NEC (Japan)	70	103
SGS-ATES (Italy)	83	88
Thomson (France)	58	88

Source: Dataquest.

1983 INTEGRATED CIRCUIT SUPPLIER FACILITIES BY REGION

Region	Facilities	$ Revenue
Benelux	3	149
France	9	419
Italy	3	221
Scandinavia	2	170
UK and Ireland	14	619
West Germany	9	572
Rest of Europe	8	173
Total Europe	48	2,323

Source: DATAQUEST

Louise Kehoe looks at import/export legislation in the U.S. and prospects for the U.S. market

Waiting for Washington to act

WHEN National Semiconductor appointed a "government relations manager" three years ago it was one of the first Silicon Valley companies to do so. Since then, however, the U.S. semiconductor industry has become all too familiar with the need to make its voice heard in Washington.

Trade issues top the list of the industry's legislative lobbying efforts. The U.S. Government has yet to act on an agreement negotiated between U.S. and Japanese trade representatives to abolish import tariffs on semiconductor devices.

Although the Japanese Diet has already passed its Bill to end the tariff, it will not take effect until the U.S. acts. With the U.S./Japanese semiconductor trade deficit at a record level—over $1bn—the U.S. industry will have to overcome strong opposition if it is to persuade Congress to act.

The highly controversial Export Administration Bill debate is about to be concluded and U.S. semiconductor companies are making a last-ditch effort to ensure that the "pipelines" to its offshore facilities and customers remain open.

Some of the proposals put forward by the Department of Defence and Commerce could "gridlock the industry," says Mr Warren Davis, Government affairs expert at the Semiconductor Industry Association.

Export controls have become a big worry for the industry. "Due in part to pending export-related legislation, Intel's application for a new bulk distribution licence (its most important export licence) has still not been approved after *being submitted* 14 months ago," complained Dr Robert Noyce, vice chairman of Intel.

Although extensions to the old licence have been granted, "newer products and new destinations not covered in the old licence remain uncovered," he pointed out.

In practice this means that, for example, Intel cannot send samples of its latest microprocessor products to its own design facility in Israel.

"Our 80286-based products represent our most current technology and are vital to developing tomorrow's products. Export delays in this case turn into research and developments delays," said Dr Noyce.

Import controls and legislation

Intel lost a systems sale, for the People's Republic of China, to a Japanese company. "It took us nine months to get our export licence processed and approved as opposed to one month for the Japanese. By the time we had completed the paperwork the Japanese had already delivered the product," Dr Noyce added.

Another frustration for the industry is the "Simpson-Mazolli" immigration control Bill, now under consideration in Congress. Although designed primarily to combat illegal immigration, the Bill contains a clause that would compel foreign students at U.S. colleges to return to their own countries when they graduate.

The effect on the electronics industry would be "as detrimental to our health as a long dry spell is to growing crops," said Dr Noyce. "Currently, of all the new employees hired by Intel directly from universities, 80 per cent of all the PhDs and 50 per cent of the masters-level employees are not U.S. citizens."

Although the high proportion can be explained partly by the ineligibility of foreign graduates to work on or for defence contracts, it is clear that Intel and companies like it must rely heavily on talent from abroad.

"We have to have the best brains in the world," says Mr Lester Hogan, a director of Fairchild Camera and Instruments. "If we can't bring them here we will go there."

U.S. electronics companies want less Government control over their industry but they are not averse to asking for some assistance in the form of more generous stock options—the "gold" that draws fortune-seekers to Silicon Valley's start-up companies.

Current legislation limits and taxes on stock options make them less attractive as a company's share price rises, but to draw in new talent young companies must be able to offer more stock to their employees, according to Mr James G. Treybig, president of Tandem.

To maintain the momentum of innovation, the microchip and computer makers also want legislation to be extended to allow research and development tax credits beyond 1985.

"Tax credits are crucial if our high-tech companies are to remain competitive," said Ms Sandra Kurtzig, chairman of Ask Computer Systems.

Voicing the Silicon Valley credo, Ms Kurtzig stressed that high technology companies "are not looking to Government for protection of products or market niches. Our success or failure depends on our own abilities."

"As a rule," the industry wants to be left well alone by the legislators, but it looks to Washington to maintain an economic and legal environment in which its entrepreneurs can flourish.

Record profits and a frantic rate of expansion

U.S. market

AFTER WONDERING for several months whether the current sales boom might vanish overnight, industry leaders are now expressing confidence that they have another good year to look forward to.

"Business will be strong through 1985, not as strong as this year, but we expect very healthy growth," says Charles E. Sporck, president of National Semiconductor. The semiconductor industry association, which represents all the major U.S. chip makers, is also very bullish.

"Growing to a trillion" will be the title of the trade group's annual forecast meeting next week. It promises to be a jolly occasion as chip makers from all over the U.S. gather in Silicon Valley to celebrate the best year in the industry's history.

The industry's trade association will issue its forecast for 1985 and although final details are still being worked out, it is expected to predict a "better than average" year for semiconductor shipments. "Average" in semiconductor industry terms means growth of about 20 per cent per annum. While almost any other industry would delight in such a forecast, U.S. chip makers have been thoroughly spoiled by their 1984 performance.

Margins

This year worldwide semiconductor shipments have grown by a massive 48 per cent to about $27bn. In the process *U.S. chip makers have* enjoyed record profitability. By comparison, 1985 will be a slow year. Profit margins are expected to flatten as supply catches up with demand, but most analysts do not anticipate a decline during the next 12 months.

"The outlook for 1985 is very much dependent on the U.S. and worldwide economies," cautions Daniel L. Klesken of Montgomery Securities. "However, we are still optimistic that we will see growth in the U.S. semiconductor market in the range of 25-28 per cent to some $15-15.3bn."

A slowdown in growth rates may even be positive for U.S. chip makers. The frantic pace of production expansion this year has stretched several companies beyond recognition. Advanced Micro Devices' sales are up 82 per cent over last year, Signetics has grown by 69 per cent and Intel by 53 per cent, according to Integrated Circuit Engineering, an industry consulting group.

"One statistic that reflects the tremendous growth of major U.S. integrated circuit manufacturers is that 28 of the 54 companies with 1984 sales above $10m are forecast to have growth of greater than 50 per cent this year," say the market researchers.

There is however one cloud on the horizon for U.S. chip makers. Softening in the U.S. personal computer market has led to order reductions and some cancellations for microprocessors, peripheral and memory *chips. If personal* computer sales continue to decline semiconductor makers can expect one of their most lucrative markets to dwindle.

The impact to date of the personal computer chip sales drop has been "significant but not serious" according to companies such as Advanced Micro-devices. None of the top U.S. semiconductor companies relies very heavily upon this sector of the market. Booming demand from other electronic equipment makers is more than compensating for any cancellations, they say.

Statistics gathered by the *Semiconductor Industry Association* suggest however that sales of semiconductor products in the U.S. fell 13 per cent in July. More significantly, the industry's barometer, the "book to bill ratio" (a measure of supply and demand) has been steadily falling for the past six months. From 1.53 in January the ratio is now down to 1.06. Industry analysts look for a ratio of 1.1 to 1.2 to indicate strong growth.

The SIA believes however that the declining ratio is due "75 per cent to increased production capacity and only 25 per cent to a decrease in orders."

Record 1984 capital spending of more than $2.7bn by the top ten U.S. semiconductor makers, up 67 per cent over 1983, has significantly increased the production capacity of the U.S. industry. All the major U.S. semiconductor companies are building new production plants, both in the U.S. and abroad. Existing facilities are also being expanded.

Now, just as the new plants are beginning to get into production, it seems that demand for semiconductor products *will begin to soften. It is a* pattern that chip makers have faced before at the end of the 1974-75 recession, but it is nonetheless frustrating. It seems to be impossible to balance supply with demand in the semiconductor business. As Gordon E. Moore, chairman and co-founder of Intel, puts it: "The balance of supply and demand seems *to last* for about 35 minutes between the end of a recession and the beginning of a boom."

Surplus orders make for strong forecasts, but they are not good for customer relations, as chip makers have been reminded this year. Shortages of some critical chips produced panic buying early in the year, exacerbating the supply problems.

The frantic buying moderated over the summer months and semiconductor prices, which *had been artificially sustained* by shortages, have now returned to their normal rate of decline. For example, 64K ram prices, will come down approximately 30 per cent this year and about 35 per cent in 1985, says Dr Klesken of Montgomery Securities. "As we approach supply/demand balance point we expect increased price competition *by the 20* plus producers of 64K rams."

The U.S. semiconductor makers want to find the illusive balance point so that they can avoid the dramatic swings from undercapacity to overcapacity. They are not however regretting their commitments to build huge new production facilities this year. If and when a slowdown occurs, the new plants will still be working at full steam, while it will be the older, less-efficient plants that will close down, they say.

U.S. chip makers have been distracted from their trade battle with Japan over the past year, but it is nonetheless fierce. Japanese integrated circuit sales to the U.S. reached record highs this year. U.S. imports of Japanese chips are still predominantly memory chips, the commodity products of the semiconductor industry. The Japanese though are increasing their U.S. sales of microprocessors, gate arrays and a variety of other products. Through acquisitions, technology pacts and by establishing manufacturing operations in the U.S., Japanese companies are blending themselves into the U.S. semiconductor industry.

But Silicon Valley is not about to bow to Japanese competition. This has been a very good year for the young U.S. semiconductor start-up companies created during the fallow period of 1982-83. Silicon Valley has more than a dozen new chip companies all aiming at specialist niches of the semiconductor business. Many are following the trend toward application specific products, offering semi-custom logic chips, another group aims to *develop* the market to electrically-erasable read only memories.

The start-ups represent the strength of the U.S. semiconductor industry which always seems to be able to come up with another innovative idea, another market for another company.

THE LEADING U.S. MANUFACTURERS

	1984 sales projection (m)	Capital expenditures ($m)
Texas Instruments	2,230	430
Motorola	1,575	405
Intel	1,170	300
National Semi	1,150	225
Advanced Micro Devices	890	220
Signetics	700	100
Fairchild	475	130
Mostek	430	140
RCA	315	—
American Microsystems	250	55

Source: Integrated Circuit Engineering Corp.

Buoyant demand spurs expansion

The UK

GUY DE JONQUIERES

THE PAST year has seen a flurry of activity and expansion programmes by both indigenous and foreign-owned semiconductor manufacturers in the UK, spurred on by continuing buoyant demand in world component markets.

Investment projects totalling several hundred million pounds —mostly to enlarge existing capacity—have been launched by companies including National Semiconductor and Motorola of the U.S. and Ferranti, Plessey and Standard Telephones and Cables (STC) of Britain.

In the past few weeks, GEC and Mullard—part of the Dutch Philips group—have also disclosed plans for significant expansion of their UK plants.

The surge of activity has been welcomed by the Government as a vindication of its efforts to encourage the UK's development as one of the leading centres of silicon chip production in Western Europe. Indeed, it was recently claimed that Scotland, which has actively wooed foreign investment with grants and aid, has the world's highest per capita output—five chips a week for each inhabitant.

Shortages

The Government also claims that Britain has overtaken West Germany as Europe's biggest consumer of silicon chips. Most independent market research firms dispute this. But they agree that the UK market is enjoying one of the highest growth rates in Europe, reflecting strong demand from the telecommunications and computer industries in particular.

In spite of increased investment in capacity, however, the past year has seen sometimes acute shortages of certain types of widely-used components as the industry's order books have thickened. The problem has been particularly serious for smaller users, which have not had long-term contracts with chip suppliers, though bigger companies have also complained of long delays.

The most severe difficulties have been in mass-produced "standard" chips, such as dynamic memories and microprocessors. The principal suppliers of these are foreign-owned companies such as National Semiconductor, Motorola and Texas Instruments of the U.S. and NEC of Japan.

Although all these concerns have sizeable UK plants, their output serves all of Europe, and British customers have to compete for supplies with overseas purchasers.

Among British companies only Inmos and STC have made substantial commitments to the market for "standard" chips. STC is investing £60m to build a second plant at Foots Cray, Kent, which will make very large scale integrated (VLSI) circuits, including memories.

GEC and Plessey have shied away from the "standard" chip sector, which is notoriously cyclical and requires massive sustained capital investment. Both have focused their efforts on lower-volume "applications-specific" components, particularly for use in defence and telecommunications.

Plessey is investing £50m to build a new microchip factory in Plymouth, Devon, and a similar amount to develop and make high-speed gallium arsenide circuits. GEC is also stepping up spending at Marconi Electronic Devices, its componants division, though microchips at present account for only about a third of its output.

Ferranti continues to enjoy considerable success internationally in semi-custom "uncommitted logic array" circuits, which can be tailored relatively easily to specific applications. Ferranti was one of the pioneers of this fast-growing market and remains one of the world leaders.

The one British-owned company wholly dedicated to "standard" components is Inmos, which was set up within 1978 with substantial Government backing. After several years of losses, Inmos moved into the black in the final quarter of last year and is expected to make a £12m-plus profit this year.

Inmos has never been far from the centre of political controversy. Public debate over its future reached a climax earlier this year as the Government wrestled with the challenge of how to implement its commitment to turn the company over to private ownership while safeguarding the UK interest in its technology.

Several options were considered and rejected, including a sale to American Telephone and Telegraph and a private placement of Inmos shares. The issue was finally resolved in the summer, when Thorn EMI, Britain's largest consumer electronics manufacturer, offered £95m for the Government's 76 per cent stake in the company.

Thorn sees Inmos as an important element in its own efforts to deepen its involvement in the high-technology end of electronics manufacturing. But the bid surprised many in the City, who are still unsure about Inmos's longer-term prospects and Thorn's ability to manage the intracacies of chip production.

Narrow niche

So far most of Inmos's business has been in a fairly narrow niche at the top end of the "standard" memory market. Its future development will depend beavily on its plans to launch a "transputer," a computer-on-a-chip which is due to enter volume production before the end of this year.

Though Britain has succeeded in attracting investments in chip-making facilities by large foreign companies, it has been slow until recently to develop locally the specialised support and service industries they need. Most of the advanced equipment used in chip-making, for example, is still imported from the U.S.

In the past year, however, there have been signs that investment in ancillary activities is starting to grow. Both Monsanto, the U.S. chemicals company, and Japan's Shin-Etsu Handotai bave announced plans to build plants which will make silicon wafers, the shiny discs on which chips are etched.

As well as continuing to offer financial incentives to foreign companies to set up in Britain, the Government recently stepped up its support for the development and application of microchip technology.

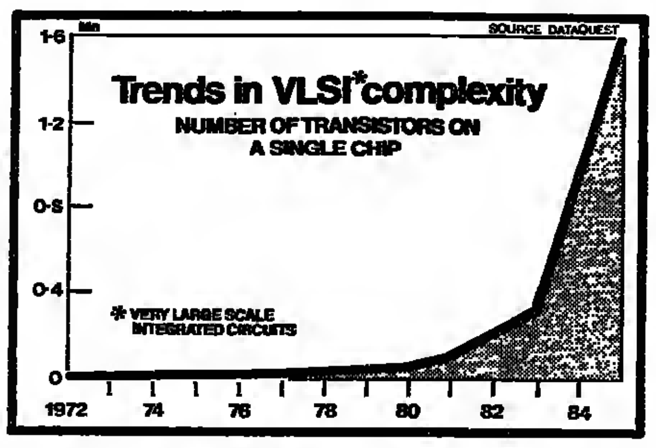
Enhancement of the British electronics industry's capabilities in components manufacture is one of the major thrusts of the £350m Alvey advanced research and development programme, whose cost is being shared equally by Government and industry. Last month a batch of 35 projects in VLSI worth £63m, to be carried out jointly by companies, universities and polytechnics, were announced by Alvey.

The Department of Trade and Industry has also reshaped its microelectronics support programmes to place greater emphasis on the design of microchips. The rationale is that the application of microchips by industry increasingly requires that companies involve themselves in the design of the components they will buy at an early stage.

The principal Government instrument for encouraging this trend is the Microelectronics Industry Support Programme (MISP), which has been extended for a further six years. Funds for the scheme have also been sharply increased to £120m, compared with the £55m spent since 1979.

The Department of Industry hopes that the money will help to support total investment by industry of £600m over the life of the scheme. The aim is to raise the value of the micro-chip content of the British electronic equipment manufacturer's output from about 3.5 per cent today to about 6 per cent by 1990.

Assembly in the clean room at Rodime's factory in Fife, Scotland. The company's rigid disk drives rely extensively on microchips for their control



Investing heavily in new capacity

JAPAN'S major semiconductor manufacturers are iovesting heavily in new manufacturing capacity, primarily to produce the large computer-memory chips for which demand in the past year bas far outstripped supply.

Japan's output of integrated circuits totalled Y1.1 trillion ($4.5bn) in 1983, a 39 per cent increase over 1982; and according to some analysts may reach Y1.8 trillion ($7.4bn) this year. The largest-selling product line remains the 64 kilobyte dynamic random access memory (64k d-ram) cphi, which is capable of storing about 64,000 units of information. But the industry's attention this year has been focused on the start-up of mass production of the 256k d-ram, four times as powerful.

The move into 256k d-ram mass product was led by Toshiba, Fujitsu, Hitachi and NEC. Each of the four companies is expected to be producing more than 1m 256k chips monthly by next spring. Each is investing about Y100bn. ($411m) in new semiconductor plant in the current financial year.

In the 64k d-ram market, meanwhile, NEC has pushed its output up to 10m units monthly, Fujitsu to 9m, Hitachi to 8m, Mitsubishi Electric to 7m, Oki to 4m and Matsushita to 3m, according to Random Access Japan, a research publication produced by the Tokyo office of stockbrokers Jardine Fleming.

The publication says that NEC is likely to be the world's largest semiconductor manufacturer for the current financial year, with Y500bn in shipments; followed among Japanese manufacturers, by Hitachi with Y430bn in shipments; and Toshiba with Y380bn.

The explosive potential of the 256k d-ram market, expected to reach perhaps 1bn chips annually by the end of the decade, is attracting new entrants into the semiconductor field in Japan—notably Minebea, a maker of precision bearings, which has bought licensing rights to produce in Japan 256k chips developed by Inmos, the British microelectronics company recently taken over by Thorn-EMI.

Minibea expects to be producing 200,000 chips monthly by next spring, rising to perhaps 2m monthly in the year following. Minebea's chairman, Mr Takami Takahashi, insists that there is no longer any hi-tech mystique about producing silicon chips, but simply the necessity to buy the best production plant available, and maintain vigorous quality control standards.

Industry analysts watch with interest the fate of a 256k start-up by a company wbolly new to semiconductor production.

Japan's exports of integrated circuits totalled Y423.8bn in 1983, a 48.7 per cent increase over 1982, which itself was 42.8 per cent higher than the 1981 export level. Exports to the U.S. grew 57.9 per cent, to Y184.3bn in 1983, contributing to a bilateral ic trade surplus of Y271.2bn.

According to the U.S. department of Commerce, U.S. semiconductor exports to Japan rose 81 per cent to $183m in the first half of 1984, while Japanese exports to the U.S. more than doubled to $860m

Japan

ROBERT COTTRELL

for the full year. The department expected that 1984 sales of Japanese semiconductors in the U.S., including those locally manufactured, would total some $2bn.

For the immediate future, Japanese integrated circuit production may rise to Y2.37 trillion in the 1985-86 financial year, and to Y3 trillion in 1986-87, according to a recent review published by Sanyo Securities, the Japanese securities house.

Sanyo's analysts do not believe bowever, that the recent shortage of integrated circuits will turn rapidly round into a glut, despite the increased supply. They argue that, while demand may slow in 1986 for some ic products sucb as lower capacity memory cbips, and linear integrated circuits, the market for 256k chips and for their successor, the one-megabyte chip, will remain firm.

Sanyo suggests that, for Japan, the U.S. and Europe, demand and supply of integrated circuits are growing at steady annual rates of 30 and 31 per cent respectively, pointing towards a demand/supply ratio falling from 1.12 in 1983 to 1.08 in 1986. If U.S. demand falls, says Sanyo, the ratio could be as low as 0.91 in 1986.

But by 1990, says Sanyo, new developments in consumer and industrial electronics are likely to create new demand for integrated cicuits. products likely to consume additional ic's include bome automation, inbouse communications networks, and entertainment media include more sophisticated video products.

For the longer-term future, analysts say that Japanese semiconductor manufacturers may begin to profit from development of their own innovative technology.

For instance, Japanese companies have been pushing ahead development of "c-mos" (complementary metal-oxide semiconductor) chips, which require very little electricity, and hence are particularly popular for battery-driven devices such as calculators and portable compu-

C-mos has until recently appeared a less attractive technology than the "mainstream" n-mos circuitry, which can be easier to manufacture, more flexible in its applications, and faster in operation. The prospects for c-mos are now brightening, however, with laboratory-developed techniques to make c-mos chips which are faster and more sophisticated.

A second chip technology being pioneered now in Japan is the use of gallium arsenide, instead of silicoo, as the chip's base material. Scientists believe that gallium arsenide chips could operate five to 50 times as fast as silicon devices, while consuming less power and withstanding bigb operating temperatures.

Two Japanese companies, Sumitomo Electric and Fujitsu, have been developing their own techniques for producing gallium arsenide crystals with an acceptably low level of faults. (Also in the forefront of gallium arsenide research is the U.S. company Rockwell).

Original research and development work forms part of a continuing move "up-market" by Japan's semiconductor makers. Having beaten the U.S. in the mass-producing of 64k d-rams, and led the way into mass production of 256k chips, Japanese companies are now extending their challenge towards the more sophisticated, higher-margin semiconductor devices where the U.S. has maintained its dominance.

Semiconductors 4

Louise Kehoe looks at trends and developments in three major sectors of the integrated circuit market

$1bn sales expected to multiply

Custom-made chips

SEMI-CUSTOM and custom designed integrated circuits now represent the fastest-growing sector of the semiconductor industry.

Sales this year are expected to total around *$1bn*, but by 1990 the figure could be $8bn or even $10bn—or 40 per cent of thetotal semiconductor market as compared to the current 10 per cent. Most of this growth is expected to occur in the "semi-custom" market for chips that are "pre-cut' but designed to fit a particular customer's needs.

Systems designers have always wanted custom chips because they enable the manufacturer to build unique features into his products. They are also difficult to copy. But the custom design of chips is expensive and timelconsuming, making it cost-effective only for high volume or very high performance systems.

Semi-custom cbips offer most of the advantages of custom devices—they are optimised for a particular design and difficult to reproduce—but they are faster and cheaper to make.

There are several reasons for the vast growth in customised chip sales. The development of inexpensive and easy-to-use design tools is a major factor.

Computer-aided design work stations offered by companies sucb as Daisy Systems and Mentor Graphics enable chip users and suppliers to design special integrated circuits quickly and reliably.

By automating the processes of chip design they also increase the number of engineers who are capable of designing integrated circuits by a factor of 30, according to Dataquest researchers.

The trend toward tailoring chips to specific applications is also driven by the availability of increasingly complex and more powerful semi-custom devices. These come in two types: gate arrays and macro-cells.

Gate arrays now represent the largest part of the semi-custom market, with annual world-wide sales of about $500m. Gate arrays are basically chips made up of an array of uncommitted logic gates. Custom-designed interconnect layers are laid on top of the arrays to define the functions of the chip.

The number of gate array suppliers bas grown from a handful in 1978 to close on 100 in 1983.

Gate arrays can be used in two ways. Initially, most gate arrays were used to replace a collection of discrete devices and small integrated circuits. As a "glue' chip the gate array simply tidies up all the bits and pieces in an electronic system, thus reducing its size and making it cheaper to produce.

Increasingly, however, gate arrays are being used to implement special processors—chips that perform functions such as graphics processing or system control. Such advanced designs become possible as the density and number of gates per array increases.

The equivalent of 4,208 logic circuits is combined with 13,000 bits of read only memory on this experimental IBM chip, shown on a child's finger

The advantage of gate arrays is that they are relatively inexpensive and quick to design. It takes an average of 13 to 15 weeks to complete a gate array design. Design costs are around $35,000 for a typical 2,000-gate chip, according to Integrated Circuit Engineering, a consultancy group.

By comparison it costs some *$120,000* and takes about a year to design a fully-customised chip. The gate array therefore makes it economically viable to implement customised chips *in low-cost or low-volume systems.*

The gate array business is currently growing at an annual rate of about 33 per cent, but this growth is expected to slow after 1985 as the advantages of other semi-custom methods come to the fore, according to ICE.

Industry researchers expect that by 1990, standard cell logic will be the most widely used semi-custom products. These are chips that are built out of blocks (or cells) of predesigned functions. The blocks can be as simple as a single logic gate, or as complex as a whole microprocessor.

The user picks out the blocks needed from a cell library and fits them together to design his cell. Standard cell chips take rather more time, and more money, to design than gate arays. They can, however, be more complex.

Potential users of custom and semi-custom devices include every type of electronic system manufacturer. In choosing which tlype of device to use they must trade off cost and performance factors as well as the speed with which their design can be implemented.

Beyond their market impact, customer-specific products bave also begun to redefine the róles of semiconductor vendors and semiconductor customers.

According to Mr Jim Smaha, vice-president and general manager of the semiconductor division at National Semiconductor, "Our customers are now our partners. With a standard product the customer orders from our product catalogue and we ship *the* product.

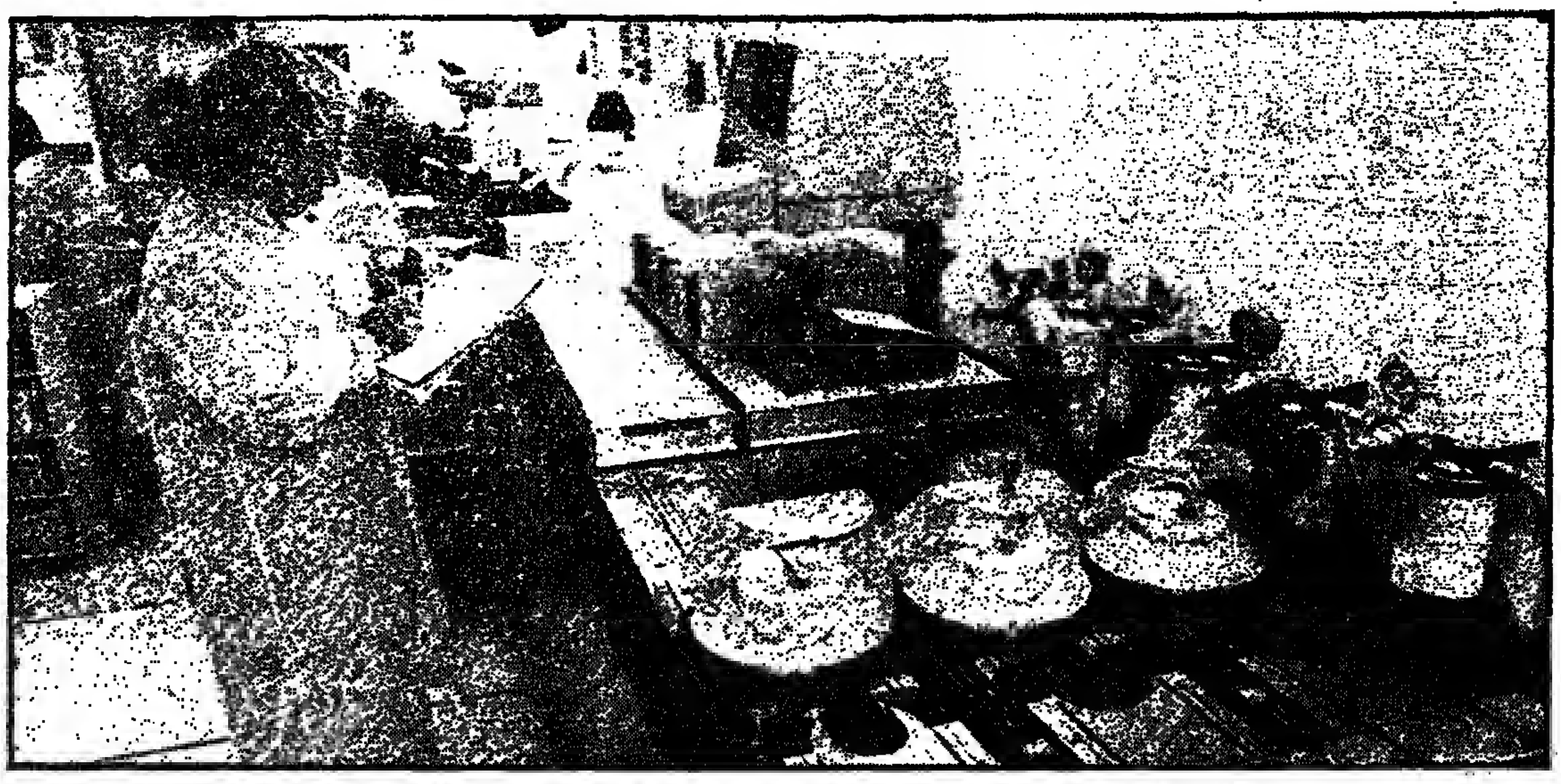
"With a customer-specific product the customers joins us at the technology and design level. He comes to our design centre, works with our design tools, and we build the circuit that he designs.

"Obviously, this demands a great deal of standardisation in both our design rules and our manufacturing processes. But, more importantly, it demands a close attention to the customer's needs—providing the facilities, the training, and the engineering assistance that will make his design successful."

The close relationship between customer and vendor in the custom chip business has proved to be a major advantage to "local" manufacturers. Thus in Britain, Ferranti is the leading *supplier of gate arrays. For* the most part U.S. manufacturers dominate the U.S. market while Japan is effectively closed to all but its national suppliers.

Japanese suppliers are, however, beginning to make inroads into the U.S. market through component distributors who are becoming the customers' interface by managing the design process.

In Europe, U.S. manufacturers are increasingly setting up design facilities and taking a significant share of the market.



Production at the National Semiconductor silicon chip plant at Santa Clara, California

Race for leadership of 32-bit sets

Micro-processors

MICROPROCESSORS comprise about 12 per cent of the merchant semiconductor market, but their importance far outweighs their sales. *These chips* are the engines that drive electronic systems.

Microprocessors have created entire multi-billion dollar markets by *making small,* inexpensive computers possible. They have also computerised a host of products, from laboratory instruments to kitchen *appliances.*

From the semi-conductor manufacturers' viewpoint, the microprocessor represents one of the most challenging of integrated circuit designs. It is a major investment involving hundreds of man hours of engineering time as well as significant expenditure on design, simulation and test equipment.

The microprocessor itself is, however, only the beginning. Each new microprocessor design requires its own set of "peripheral" devices—chips that work alongside the microprocessor to handle functions such as input and output of data.

The market for peripherals is larger than that for microprocessors. The "drag" effect of *microprocessor sales* creating sales of peripherals and memory chips makes the microprocessor the flagship product of a merchant semi-conductor manufacturer.

Successive generations of microprocessor products have increased the data processing power and speed of the chips, beginning in the early *1970s* with four-bit microprocessors and moving up toward the latest 32-bit microprocessors which offer performance equivalent to minicomputer.

The "bit" designation refers to the speed at which a microprocessor processes information. A 32-bit microprocessor handles 32 bits at one time—approximately eight times the processing speed of a 4-bit chip. No single manufacturer has *dominated* more than one generation of microprocessors.

Texas Instruments was for several years the leader in 4-bit micros, although Japanese suppliers now hold the major share of this low-performance, low-cost end of the market.

The most successful eight-bit microcomputer has been the Zilog Z80, used in many early personal computer designs. It has, however, been superseded by the Intel 8088 which is the "brains" of the *IBM personal* computer.

Intel's 16-bit 8086 microprocessor has been a major sales winner for the company. Motorola, Intel's chief rival in this market sector claims, however, that more new system designs are being based upon its competing 68000.

The newest and most exciting arena for microprocessors is in the 32-bit category. Intel took a lead in the 32-bit generation with the launch of its 432 "micro-mainframe" chip set in 1980.

That product has not, however, achieved popularity and may prove to have been a very costly *mistake for Intel.*

National Semiconductor launched what is regarded as the first 32-bit microprocessor (single chip) last year and in May 1984 signed a long-term co-operative technical pact with Texas Instruments to develop jointly new versions of the 32000 along with peripheral support devices. Such agreements, described by National Semiconductor President Charles E. Sporck as "the way of the future" offer several advantages to both producers and users.

"Each company contributes from its own expertise without sacrificing its independence. Texas Instruments strengthens its position in the microprocessor field, and National gains a very strong alternative manufacturing source," explained Mr Sporck.

The market for 16- and 32-bit microprocessors and peripherals is still in its embryonic stage, but it is predicted to grow to $3.3bn by 1988.

National's efforts in developing the 32000 demonstrate the enormous cost of microprocessor development, which in the future it can share with Texas Instruments. National says that it has invested $65m in research and development for its 32000 family of parts and continues its investment with three engineering teams in Santa Clara, Salt Lake City and Tel Aviv.

Motorola joined the 32-bit *micro competition in June with* the introduction of its 68020, a chip that doubles the processing speed of National's device. Intel is also expected to announce its 32-bit microprocessor this year.

Several systems companies are also potential competitors in the 32-bit microprocessor arena. AT and T may eventually make its "Bell Mac" processor commercially available. Digital Equipment Corporation is also known to be considering offering its 32-bit chip set and NCR has already made its chip sets available to outsiders.

Inmos' transputers, due to become available later this year, offer an alternative to the conventional microprocessor architecture that could be used in high performance systems. Unlike most microprocessors that route all information through a "central" processing unit, transputers work in parallel, each handling a different set of tasks.

The availability of microprocessors that have the processing power of mini and mainframe computers is expected to create new types of computer products as well as improving the performance of existing product types such as personal computers.

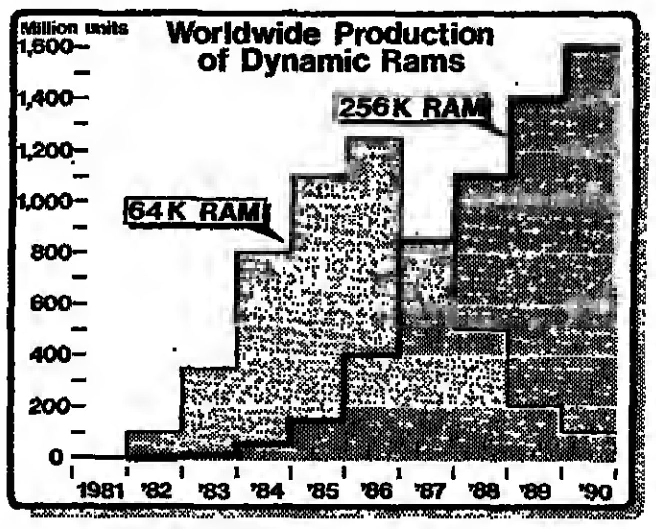
An early example of the implementation of 32-bit microprocessors in a computer launched this week by Sequent Computer Systems of Portland Oregon. Called a pool processor, the Sequent system can comprise two to 12 microprocessors, each of them based on the National Semiconductor 32000.

Tasks

The system automatically allocates tasks to each of the processors and the power of the system can be increased simply by adding another microprocessor board. A complete 12 processor system performs up to 7m instructions per second—the equivalent of a supermini or medium scale mainframe computer.

The trend toward multi-processor systems is expected to accelerate with the advent of the 32-bit chips, according to Mr Casey Powell, president of Sequent Computer Systems. Advanced technology has yielded a growing number of microprocessor-based computers in the $10,000 to $30,000 price range.

In response, manufacturers of minicomputers (Discrete CPU designs) have been forced to produce higher performance computers to maintain their market differentiation. The result has been a gap in the price and performance between the top end of th microcomputer range and the minicomputer. The Sequent system, based on multiple 32-bit microprocessors fills the gap, Mr Powell suggests.



More 256k RAMS on the way

Memories

A SEEMINGLY inexhaustible appetite for computer data storage is fuelling the market for semiconductor memories. Dynamic random access memories (RAMs) are the workhorse chips that temporarily hold on to data entered into a computer, before it is transferred to a more permanent storage medium such as tape or disk. RAMs account for the major part of the memory market, and are the most widely used type of integrated circuits.

A rash of new products from U.S. and Japanese microchip makers over the past six months heralds the next generation of 256K dynamic RAMs, chips that hold four times as much information as the widely-used 64K RAMs.

While 256K RAMs are receiving a great deal of attention, the 64K RAM is still the most widely used part. Worldwide sales in 1983 totalled more than $1.2bn and are expected to reach $2.6bn this year as the industry booma. By 1985, however, 64K RAM sales are expected to come down to about $2.4bn as sales of the next generation 246K parts build up. Peak volume production of 64K RAMs is not expected to occur *until 1986,* although the dollar volumes should peak this year.

Diverse

With the advent of 256K rams, a new trend towards diverse design types is emerging. While early 64K rams were primarily designed for use in *mainframe and minicomputers,* 256K rams are being designed for optimum performance in a variety of different applications. The 256K ram market will be segmented between parts for use in mainframe computer, personal computers, portable computers, engineering work stations and robots. Each of these new categories has slightly different semiconductor memory requirements.

Mainframe aod minicomputers continue to use dynamic RAMs much as they have done for years, but other kinds of new products can benefit from dynamic RAMs that are slightly different. Microcomputers access *data four or eight bits at a time* as earlier products did.

Battery-driven portable computers need low-power memory chips made using CMOS (complementary metal oxide semiconductor) technology. As each of these specialised needs grows, it can create a market segment of sufficient magnitude to attract several suppliers. The era of the dynamic RAM as a "commodity product" is drawing to a close.

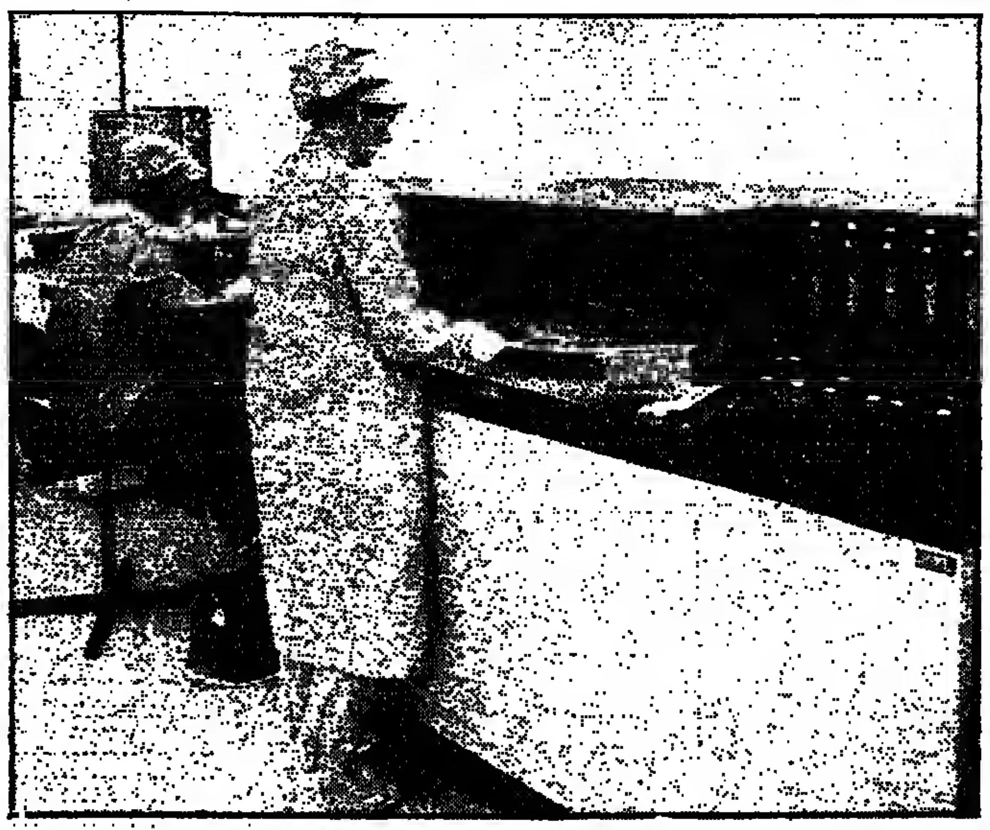
The dramatic growth of the personal computer market bas also left its mark on the business of program-storage chips, called read only memories. Conventional ROMs are tailor-made to store a particular program. They are the devices used in video game cartridges and sales of ROMs have mirrored the fortunes and misfortunes of that industry.

EPROMs, (erasable programmable read-only memories) have now widely replaced ROMs in consumer applications. The EPROMs offer equipment manfacturers more flexibility: they can be programmed by the user with the latest fad game and if necessary can be programmed when the fad fades.

EPROM sales totalled $830m in 1983 and are projected to *grow at 26 per cent annually* over the next five years.

One of the more recent and exciting developments in semiconductor memory technology is the creation of the non-volatile RAM (NVRAM). The NVRAM comprises two memory types to produce a chip that can read *and write* with tho speed and flexibility of a RAM but still retain data when the power is turned off.

NVRAMs are used in applications where continuous updating of data is required along with non-volatility. Such is the case with robotics, for example, where systems update themselves continuously to keep track of their positions, and non-volatility is required during assembly line stopoages so that machines know where to start when the line bec>nes active again.



Chip production at Ferranti which has established a world lead in the manufacture of custom-built chips

Barriers to achieving higher densities

Design and production

LOUISE KEHOE

SEMICONDUCTOR manufacturers are always pushing the boundaries of chip production technology to reduce the size of the patterns scribed onto integrated circuits. Their quest for ever finer geometries and more densely-packed chips has dramatically increased the power of the integrated circuit, from the chips that powered hand-held calculators in the early 1970s to today's high performance microprocessors with the power of mainframe computers.

The drive toward smaller feature sizes is however, also geared by economics. Smaller feature sizes mean smaller chips, and more chips per wafer.

Another important aspect of efforts to increase the packing density of integrated circuits is that smaller chips are less likely to contain defects. The yield of "good" chips per wafer is directly related to the size of the chips.

Established microlithography methods of "printing" integrated circuit patterns on to silicon wafers can resolve feature sizes of down to two microns.

To achieve higher density levels, new types of lithography equipment must be used. There are three alternatives. "Steppers"—systems that expose part of a wafer at a time, are the most widely used high-resolution systems. The drawbacks of the steppers are their cost—close to $1m each, and their low throughput. For even smaller feature sizes, semiconductor makers are beginning to turn to electron beam and X-ray systems which are expected to be capable of producing sub-micron silicon features.

Low throughput

To date, electron beam and X-ray systems represent less than one per cent of installed lithography systems, according to researchers at Integrated Circuit Engineering of Scottsdale, Arizona. The major problems of electron beam systems are low throughput and high capital cost, however they are used today to fabricate military devices, quick turnaround prototypes, very high-speed circuits and the customised layer of semicustom chips. X-ray systems offer fine resolution and are faster but several technical problems have still to be resolved before this new technology will be widely accepted.

In their efforts to reduce the typical feature size of integrated circuits below one micron (from a current state of the art of two microns) chip makers face a multitude of technical barriers that must be overcome. Not the least of these is automation. As chip patterns become finer it becomes imperative to remove any source of contamination from the "clean room" where chips are processed.

All kinds of sophisticated equipment and procedures are used to reduce dust and other airborne particles, so that wafer fabrication plants are already much cleaner than hospital operating rooms. The last step is to remove people—the chief source of dirt.

Automation of integrated circuit assembly—traditionally the labour-intensive aspect of chip production—is also having a significant impact upon U.S. companies. Until recently, virtually all U.S.-made chips have been assembled off-shore at plants in Korea, Taiwan, the Philippines and Malaysia. But this year Intel and Motorola have both built new highly-automated assembly plants in the U.S. and other companies are expected to follow.

Meeting the demands for high definition devices

Optoelectronics

GEOFFREY CHARLISH

OPTOELECTRONIC DEVICES perform two main functions. One is the production of light or light patterns according to an information input in electrical form. The other is the reverse—the detection of light and the production of a corresponding electrical signal.

The first occurs widely in all kinds of display devices ranging from television and computer screens to displays of text and numbers on industrial instruments, car dashboards and electronic watches. The second allows the manufacture of light sensors (in cameras for example) and solar cells, which generate electrical power from sunlight.

The cathode ray tube benefited from wartime radar development and the post-war television boom. Colour tubes appeared in the early 1960s so that today, colour pictures and computer graphics of startling clarity can be created on tubes 27 ins across.

Demands

Indeed, as electronic technology stands at the moment, it seems likely that the demands of such high-definition applications as computer-aided design for example, will only be met in the foreseeable future by the CRT.

Creating the necessary tiny picture elements at high speed and definition remains a relatively simple matter for the CRT: its weightless beam of electrons can be directed to any spot on the tube face in millionths of a second.

For most of the other display technologies (semi-conductor, liquid crystal, gas discharge) this "addressing" problem is formidable, so that applications have been restricted to alower, lower definition "read-out" displays of text, numbers and graphics.

A further fillip has been given to the tube by the personal computer boom so that, in 1983, sales of the CRT topped $200m in Europe alone—more than all the other display devices put together.

Development continues. There are for example, high-resolution monochromatic types able to resolve 1,000 lines, allowing small alphanumeric and graphic detail to be shown. Sinclair Research has developed a "flat" three-inch tube and there are types with screen aspect ratios of 2:1 instead of the usual 4:3, allowing true upright "pages" of text in word processors.

A recent report by Frost and Sullivan* showed that by 1989, CRT sales will still be about 20 per cent larger than the combined sales of other types.

The total European market for optoelectronics in 1983 exceeded $580m and is growing at 15 per cent per annum. Britain is the main consumer ($156m) followed by West Germany and France. The laregst user is the communications industry ($171m) followed by data processing and industrial instrumentation.

After CRTs, the next biggest market is the LED or light emitting diode ($85m in 1983) followed by liquid crystal devices ($60m). The predicted growths through to 1989 are, respectively, 72 and 130 per cent.

Development of the LED has yielded more light for less electrical current in a variety of colours (including a blue emitting device, although commercial availability is restricted). Monolithic alphanumeric displays are common, consisting of groups of dots and bars energised selectively to produce letters and numbers up to about 0.125 inch. Groups of single devices are combined to provide characters up to 0.6 inch.

Where current consumption is critical (in watches and portabla test equipment for example), the liquid crystal display scores. This does not generate light but either reflects or blocks it to give black characters on a light background.

The industry expects high growth for the laser diode, a pin-head sized device similar to the LED producing a powerful monochromatic, coherent beam of light, modulated with information, that can be shot straight into the end of an optical fibre. A sharp increase is likely in such optical communications, in which electric currents in copper wire are replaced by pulsed light beams carrying information down hair-thin fibres of glass.

Jump in sales

Consequently, sales of laser diodes are expected by Frost and Sullivan to jump from $1.1m in Europe last year, to about $50m in 1989. Fibre sales, too, are growing ($50m in Europe in 1983) and also shipments of tha necessary coupling devices ($25m).

Two other types of display, electroluminiscent and electrochromic, both flat types generating various colours, produced $5.2m of sales in 1983. The latter is still developmental, with the prospect that some large screen work for computer displays at IBM will be successful.

The total market for sensing components in Europe was $113m. It included devices for thermal imaging cameras, night vision systems, charge-coupled devices for solid state TV cameras, phototransistors for positional and other kinds of sensing.

Sales of the solar cell should double to $38m by 1989. But nothing dramatic is foreseen in Europe, where the weather is mostly unsuitable.

There are some 22 companies selling opto-electronics in Europe alone. Frost and Sullivan believes Toshiba leads in display device sales, followed by General Instrument and Beckman. TRW sells the most detectors and sources while Corning and STC lead in optical fibre.

Opto-electronic Components in Europe, 265 pp, $1,700, published by Frost and Sullivan, London (01-486 8377).

Different factors will govern chip design in the future, says **Louise Kehoe**

Intensive search for new materials

SILICON-BASED integrated circuits are getting denser and more complex, but the speed limitations of silicon technology have led researchers to explore other semiconductor materials as possible replacements. Gallium arsenide, in particular, holds the promise of becoming the semiconductor material of the year 2000.

Theoretically, gallium arsenide integrated circuits will be hundreds of times faster than today's silicon circuits. They could be used to build superfast computers and microwave communications equipment. Another attribute of gallium arsenide is its ability to withstand radiation. This makes it particularly attractive in military applications

The potential military market for gallium arsenide integrated circuits is huge, according to researchers at Frost and Sullivan. They estimate purchases rising from $100m last year to nearly $1.8bn by 1992.

To date, most gallium arsenide development has been performed by military contractors such as Rockwell, Lockheed, the Aerospace Corporation and McDonnell Douglas.

However, the two U.S. companies have introduced gallium arsenide chips to the ordinary market. Harris Microwave is offering a genes of digital logic ies and Gigabit Logic, a three-year-old California company formed to specialise in gallium arsenide, has introduced a set of circuits for use in high frequency radio equipment.

Meanwhile, several other companies, including Britain's Plessey and Varian, are also focussing their efforts toward volume production for the merchant market.

Complexity brings problems

THE TREND in very large-scale integrated circuit design is toward packing more and more functions on to a single chip of silicon. Yet as the complexity of chips increases, their versatility decreases. The chip is no longer an all-purpose building block, but instead represents the major portion of an electronic system.

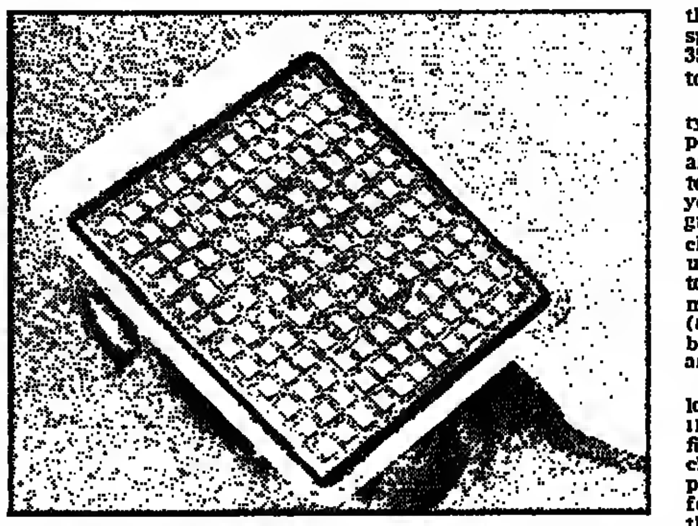
Although the VLSI chip offers many cost and performance advantages to a systems manufacturer, it may also pose some problems. How is he to differentiate his product from that made by another user of the same chip? And what is to be done if the VLSI system is designed for optimum use in an application other than his own?

Addressing these needs is the fastest growth sector of the semiconductor industry, the "application specific" chip business.

A major semiconductor industry trend towards "application specific" integrated circuits has emerged over the past year. The term is used to refer to all non-standard integrated circuit products, chips that are tailored to a particular customer, or to the needs of a particular group of customers.

Driving the demand for tailored chips is the diversity of microchip applications. In the 1970s, mainframe computer applications represented the major use of many types of semiconductor devices. Today, however, there are several market sectors that are big enough to justify their own specially-designed chips.

Another important factor is the "time to market" race that is most prominently seen in the personal computer industry. "Everybody is keenly aware that the IBM pc took just 14 months to bring from concept to introduction," says Mr Bill Davidow, senior vice-president of Intel. To compete with IBM in the personal computer market, other companies believe that they must beat IBM's record.



An IBM 133-chip substrate, 90 mm square and 5 mm thick, used in a Model Group K processor. This component contains about 10,000 circuits and 300,000 array bits for memory storage.

Already the trend towards custom-designed parts has produced major new semiconductor market sectors including gate arays and standard cell logic. By 1990, nearly one-third ofa ll U.S. integrated circuit shipments will be application specific devices, according to Dataquest market researchers.

Implement

Customer-designed circuits will eventually dominate the application specific IC market. Improvements in computer-aided design will soon allow electronic systems designers to implement their ideas directly into silicon. Towards the end of the decade, some of the newer semiconductor start-up companies concentrating on application specific ICs will move into the top echelon of the industry, displacing some of the more traditional companies, Dataquest research indicates the gate array manufacturer, LSI Logic, founded in 1981 by Mr Wilfred Corrigan, former chairman and chief executive at Fairchild Camera and Instrument, is among the younger companies that aim to benefit from the application specific trend. An early leader in the gate array market, LSI Logic has recenlly announced its intentions to jointly develop standard cell logic products with advanced micro devices.

The trend in costomised chips is also spreading into other types of semiconductor devices. Linear circuits (which handle analog signals) are also becoming available in gate array form. While the linear integrated circuit market is growing at a 20 per cent compound annual rate, the market for application-specific analog ICs is expanding 35 per cent annually according to Dataquest.

A new and highly-innovative type of custom circuit that could potentially include both linear and digital functions is expected to reach the market late this year. Called electrically programmable logic devices the chips will be customised by the user in a similar fashion to electrically-programmable memory devices. These epals (sometimes called eepals) could become an alternative to gate arrays and custom chips.

Other types of programmable logic devices already exist, but the new eepals will be reconfigurable so that a user can change the programmed logic pattern at will. Whether this feature will prove popular in the marketplace remains to be seen. Several companies are expected to announce eepal products this year. Most of them, including Lattice Semiconductor, Sl-fab, VLSI Technology and Altera are recent start-ups.

According to integrated circuit engineering, the future market for the reconfigurable logic devices is still unclear. Cost, speed and power capabilities, as well as the actual customer need for such ICs, will be factors in determining their success. The researchers predict a slow but deliberate growth path for eepals.

Looking further into the future, customised versions of high-performance microprocessors appear likely as systems designers look for ways to differentiate their products. Already, IBM is rumoured to be planning to use a customised version of Intel's yet to be announced 32-bit microprocessor in its next generation of personal computers, though neither company will confirm its plans.

More efficient T & N recovers to £9.5m

THE RECOVERY of Turner & Newall continued during the first half of 1984 and profits before tax for the period were almost double those of the corresponding period of 1983.

Sir Francis Tombs, the chairman, says the results were achieved in spite of poor trading conditions in India and much of Africa, and arose principally from increased profits in the UK and the U.S.

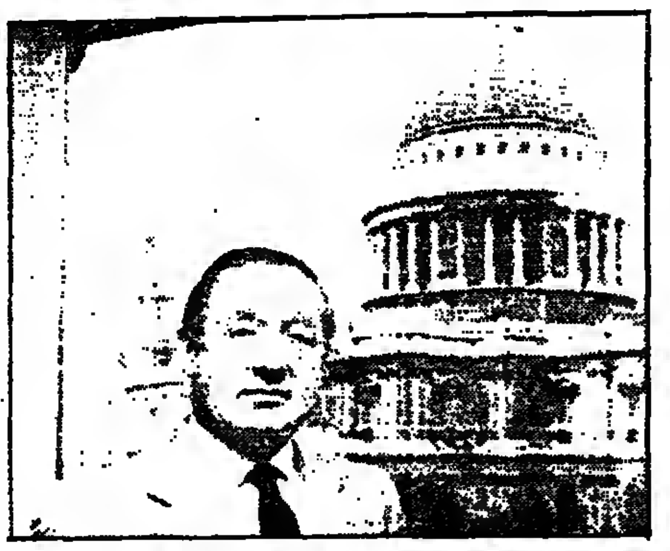
The improvement, he says, stemmed from increased manufacturing efficiency and owed little to increased volume.

Nevertheless, shareholders are told that there are some signs of increased demand which it is hoped will be consolidated.

Sir Francis points out that there is still room for operating improvement and says he expects profits before tax for the second half to be somewhat higher than the £9.5m (£4.9m) achieved in the first six months.

UK borrowings continued to receive attention and remained "satisfactorily under control," resulting in a group debt equity ratio of 22 per cent. As a result negotiations are in hand with group bankers to resume normal banking arrangements.

The return to sustained profit has enabled Turner's to look at some interesting produce developments and acquisitions. Although "modest in character" these would contribute to the future profitability of the group in fields in which is has established expertise.



Sir Francis Tombs, the chairman of Turner and Newall . . . still room for operating improvement

Meanwhile, the net interim dividend is being lifted to 1p (0.25p) from earnings 4.46p ahead at 4.73p.

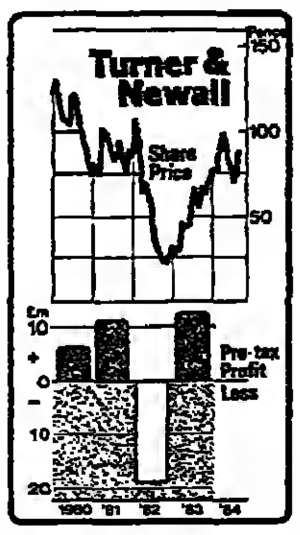
Turnover for the first six months was lower at £240.8m (£254.5m) but operating profits rose by £3m to £18.7m—the group has interests in plastics, automotive components, chemicals and construction and engineering materials. It also owns asbestos mining interests in Africa.

Pre-tax results were struck after deducting £4.3m (£3.8m) for asbestos-related disease claims, £1m (£0.8m) for group expenses and other items and net finance charges of £5m (£6.6m). Included was a £1.1m (£0.4m) share of related company profits.

Tax accounted for £4.2m (3.9m) and minorities £0.2m (£0.7m). Taking account of an extraordinary credit last time of £6.7m, available profits emerged £1.9m lower at £5.1m.

A regional summary of group turnover and operating profits shows: UK £151m (£140m) and £9.7m (£4.1m), other European £22m (£19m) and £1.4m (£0.5m), Africa £54m (£55m) and £4.8m (£7.1m), North America £24m (£21m) and £2.2m (£1.5m) and India and Pacific £12m (£11m) and £6.7m (£1.2m). Divested and deconsolidated businesses contributed £2m (£32m) and £0.1m loss (£1m profit) and intra-group sales totalled £24m (£23m).

For the full 1983 year turnover amounted to £488.5m (£621.4m) and at the pre-tax level the group swung from losses of £18.3m to profits of £12.5m following a return to the black in the second six months.



● **comment**

The rehabilitation of Turner and Newall continues apace, with the Hunt divestment doing wonders for the balance sheet and profits showing a dramatic upturn from improved efficiencies in the UK and North America. In geographical terms, only Africa and India make dismal reading—and their immediate prospects give little cause for optimism. At home the only minor irritation is associated with the miners' strike: the absence of NCB orders for conveyor belting probably cost about £0.5m in profits. So far the dock strike has had no effect but exports and raw material imports could be hit if it hardens and extends beyond November. That shouldn't make too much of an impact on the current year's profits which look like reaching £22m. At this level the 90p shares, up 2p, sell on a prospective multiple of 7 after tax at 38 per cent.

Reuters on target to hit £70m forecast

Reuters, the international news and business information company, is in line with its prospectus forecast of last May of achieving pre-tax profits of some £70m for 1984.

Figures for the first six months improved by £3.8m (or 14 per cent) to £30.1m. The prospectus forecast was based on expectations of a significantly lower rate of profit growth in the first half and a significantly higher rate in the second six months than in the year as a whole.

Earnings rose from 4.1p to 4.7p and, as foreshadowed, a net interim dividend of 1p is being paid. The prospectus forecast a total payment of 2.5p on each 10p B ordinary share.

Turnover for the opening half advanced from a pro-form £115.3m to £141.6m, an increase of 23 per cent. Comparative figures are stated assuming corporated reorganisation which was completed last May had already taken place.

Mr Glen Renfrew, managing director, says profit growth in the first half was restrained by costs incurred ahead of revenue for a number of new products and particularly by continued investment in North America.

Some subscriber equipment shortages, now mostly resolved, delayed receipt of revenue from excellent sales of the Reuetr Monitor Money Dealing Service and from Interface products which link Reuter installations with subscribers' own systems.

He tells shareholders that the Money Dealing Service, which allows subscribers to contact one another and deal in currencies using Reuter keyboards and screens, has become an "outstanding successful" product and adds that it is now accepted as a basic money market tool.

Market response has been very good to new products launched this year. These include graphics displays of market data, historical bonds data and facilities for subscribers to pinpoint arbitrage opportunities.

An attractively-priced North American money market service with enhanced U.S. content made encouraging progress. European sales and prospects for major dealing room installations are "very encouraging."

The group has increased the number of its reporting bureaux by eight so far this year and now has bureaux in 98 cities around the world.

Under an agreement made in June, Reuters acquired the non-U.S. news picture business of United Press International.

Reuters was founded by Paul Julius Reuter in 1851. Today, it has some 3,700 employees of 82 nationalities in 122 cities in 75 countries.

It became a public company in June through simultaneous listings on the London Stock Exchange and the National Association of Securities Dealers Automated Quotations Systems in the U.S.

See Lex

New look Bowater 'very much' on an improving course

ALL DIVISIONS, with the exception of the UK tissue businesses, of new look Bowater Industries achieved higher profits in the first half of 1984.

Excluding the North American pulp and paper operations of Bowater Incorporated, now demerged, group profits before tax rose by nearly 50 per cent from a restated £8.3m to £12.4m.

Mr A. I. Lenton, group chairman, says the results demonstrate that Bowater is "very much" on an improving course and underline the confidence he expressed in April's rights issue and demerger documents.

Trading profit, excluding the 50 per cent of the Bowater-Scott tissue businesses which is attributable to the company's partners, Scott Corporation of the U.S., increased by nearly 40 per cent.

Group turnover expanded by £72m to £596m and taxable profits were struck after interest payments of £9.1m (£10.4m).

Mr Lenton points out that if the cash arising between April and June from the rights issue, the U.S. public offering of shares in Bowater Incorporated and other transactions relating to the demerger had been received from January 1 1984, then interest costs would have been £8m lower.

The seasonal nature of Bowater's businesses should ensure a further improvement in trading profits, Mr Lenton says and adds that there will also be benefits from the impact of the refinancing around midyear, as a result of the demerger.

As forecast the interim dividend is 3.5p with earnings per share shown as 6.5p.

Last year's published half year figures incorporating Bowater Inc showed pre-tax profits of £24.6m, on turnover of £780m, and earnings per share at 5.8p.

First half attributable profits this time came out at £6m after tax of £2.6m and minorities of £3.8m.

Bowater has grouped its activities into four divisions. It intends in future to report its figures under these four main groups as shown in the accompanying table.

The chairman says that with the objective of continuing the successful progress of the tissue businesses in both the UK and Australia Bowater is currently engaged in a major programme of technological advance and re-equipment which will bear fruit in the years following 1985.

"It is unfortunate that coincident with this programme there has been an extremely rapid rise in pulp prices which has impacted especially hard upon the UK tissue business, where virtually all its pulp requirement is bought on the open market," he says.

Bowater's pulp and paper businesses are the oldest but no longer the largest of its four divisions. As a result of strong markets for pulp and radical changes in operations particularly in the UK over recent years, this group is now profitable. It is beginning to benefit from a major machine up-grade in the second quarter of this year and further significant cost improvements are under way, with little need for major capital expenditure in prospect.

Mr Lenton says that packaging and associated product activities have in recent years been increasingly concentrated in higher technology and speciality areas, such as metallised film, liquid packaging and plastic drums. The character of this group, he says, has made it the right place to develop Bowater's computer stationery business, evidenced by it now being the leader in the UK.

The five companies within the growing merchanting and services division are well placed and focussed in their respective markets, he says.

See Lex

INDEX TO HIGHLIGHTS

DIVISIONAL BREAKDOWN

	First half 1984 Turnover (£m)	First half 1984 Trading profit (£m)	First-half 1983‡ Turnover (£m)	First-half 1983‡ Trading profit (£m)
Pulp and paper	80.0	2.1	68.0	1.2†
Packaging	138.0	6.4	114.0	4.8
Merchanting	220.0	6.0	180.0	3.1
Tissue	70.0	4.0	63.0	6.0

† Loss. ‡ Restated.

General insurance hits Pru's earnings

VERY poor results on its general insurance and reinsurance operations in the first half of this year resulted in the attributable profits of Prudential Corporation being halved from £26.6m to £14.1m at the interim stage.

The interim dividend is lifted from 5.5p to 7.5p, but this increase is made to reduce disparity between interim and final dividends.

Premium income on the Pru's worldwide long-term life and pensions business rose nearly 20 per cent from £767.2m to £910.2m and shareholders' profits climbed over 30 per cent from £25.5m to £33.7m. Other income after tax showed a useful near-20 per cent growth from £5.6m to £6.7m.

However, this growth was quite insufficient to cover the hefty deterioration in Pru's general insurance operations, where underwriting losses almost doubled from £37.2m to £68.3m on worldwide premium income up 7 per cent from £360.5m to £385.6m.

Investment income improved 8.5 per cent from £33.6m to £36m, leaving general insurance business with a pre-tax loss of £32.3m—nearly 10 times the loss of £3.4m in the first half of 1983.

Despite a £6.5m tax credit, general insurance business had an after-tax loss of £25.6m against last year's loss of £2.4m.

The two main problem areas for the Pru were its UK general insurance business and its specialist reinsurance business from Mercantile and General Reinsurance.

The Pru's UK general insurance business is still primarily in personal lines, and this has been hit by the severe weather last winter and the rising numbers of theft claims, particularly in inner cities.

Premium income on this account showed a useful 14 per cent rise from £14.6m to £141.8m. But underwriting losses nearly doubled from £14.8m to £28.2m, while the pre-tax trading loss was £16.6m against last year's loss of £8.7m.

Premium income on the domestic property account increased by 13 per cent. But exceptional weather losses of some £8.5m and rising numbers of theft claims resulted in a pre-tax trading loss of £5.8m on the account against £1.3m last year. Subsidence is not such a problem for the Pru as with other insurance groups, since its housebuildings account is proportionately much lower.

Motor business in the UK saw premium income rise 18 per cent, but higher numbers of claims resulted in the pre-tax trading loss doubling from £1.1m to £2.4m. Commercial business was hit by general market weakness and an exceptional number of large fires.

Mercantile and General's general reinsurance premium income increased only 3 per cent to £133.3m as the group continued to adopt an increasingly selective approach, which has resulted in the cancellation of £100m of gross premium income on unprofitable business. But underwriting losses continued to soar, rising from £19.7m to £33.7m and the pre-tax trading loss from £7.5m to £20.5m. Business of the U.S. and Canadian subsidiaries continues to deteriorate.

● **comment**

The market was expecting a poor result from Pru's general insurance and reinsurance operation, but the size of the losses on its UK account and from M and G disappointed the market. Its UK personal account was hit hard by the winter weather and the drive for an increased share of the motor market has brought the inevitable losses. But the biggest problem has been the impact of claims from the rising number of thefts. The rise in rates made earlier this year has proved inadequate and further increases are coming shortly. But these increases and the corrective action taken on M and G will not bite until next year and attributable profits are expected to be well down for 1984. The share price shed 22p to 478p yielding 6.7 per cent on an unchanged final dividend.

Higher interim from Shell Transport

An increased interim net dividend of 11.9p against 10.3p has been recommended by the Shell Transport and Trading Company for the first half of 1984. In the last full year a total of 26.2p was paid.

First-half earnings per 25p share are shown higher at 62.02p (39.4p) and have been restated from last month's interim figures to reflect foreign exchange fluctuations.

Net asset value amounted to 793.1p (650.92p).

The directors said that the 1984 interim dividend's cash supplement, stemming from a special agreement with Royal Dutch Petroleum Company, will account for £16.9m or 1.5p per share of the £129.9m of net distributions to be received from group activities.

The agreement between Shell's Dutch and British parent companies is related to the treatment of taxes and tax benefits when dividing up dividends from group companies. Royal Dutch has a 60 per cent interest in the group and Shell Transport 40 per cent.

Under the agreement Shell Transport is entitled to receive a supplementary cash dividend of 15 per cent of the amount paid to the company under the 60-40 arrangements in respect of the years 1977 to 1984 inclusive.

Miners' strike behind £3m midway profit fall at A B Ports

A GOOD start to the year at **Associated British Ports Holdings** has been turned on its head by the miners' strike, which is costing the company about £1m in lost revenue a month.

Mr Keith Stuart, the chairman, yesterday unveiled a £3m fall to £3.8m in AB Ports first half taxable profits which, he says, was primarily due to the dispute.

The result underlines Mr Stuart's statement at the May annual meeting when he said that the strike has led to a substantial reduction in coal exports and had also affected activity in the steel industry, with a consequent reduction in exports.

In addition to this, Mr Stuart says "competition from ports subsidesid by national or local government, in combination with the excessive costs which continue to be associated with the Dock Labour Scheme, has been a further negative factor—affecting, for example, volumes and margins on some trades at Southampton."

He goes on to say that Hull suffers from similar problems, as well as from the reduced availability of general cargo.

Also, the second half of the year, now three months old, has suffered further setbacks stemming from dock strikes totally outside the control of the company.

"The outcome for the full year cannot be assessed," says Mr Stuart.

He adds: "This must obviously depend on how soon the coal industry dispute can be resolved, and on the re-establishment of stability within the port industry itself."

Turnover for the half year fell by £2.3m to £76.2m and operating profits emerged £3m lower at £3.9m after charging £1.3m for voluntary severance costs.

Earnings per share are shown as declining from 10.7p to 6.7p but the interim dividend is unchanged at 3p net.

Despite the disputes, the chairman says that trading elsewhere was generally satisfactory and there were also some encouraging developments.

Geest Line made a "welcome return" to Barry and Universal Pipe Coaters began operations at Immingham. "This is an example of a promising joint venture bringing AB Ports the benefits of diversification," Mr Stuart says.

However, Mr Stuart says that "over the business as a whole action is continuing to improve efficiency. This inevitably involves job reductions at a number of locations."

In concluding, he says that AB Ports' balance sheet remains strong which will enable the business to be developed, for example through partnerships and joint ventures, as opportunities arise.

AB Ports' tax bill for the first half amounted to £1.1m (£2.5m), leaving a net balance of £2.7m (£4.3m) from which dividends will absorb £1.2m (same).

In calendar 1983 pre-tax profits of £14.5m were achieved on turnover of £154.4m and dividends totalling 8.5p were paid—earnings per share amounted to 23.9p.

● comment

No quoted company can be more sensitive to the double impact of the dock and coal strikes than **Associated British Ports**, with around 14 per cent of its tonnage devoted to coal and steel. Yet the market seems to have slightly overdone the gloom. A maintained dividend more than twice covered by earnings compensated for the £3m profits decline, and the shares gained 5p to 198p still a sobering comparison with April's 250p minimum tender price. Roughly speaking, the coal strike wiped £3.5m off the bottom line, implying a steady profits growth elsewhere, led by higher levels of activity at the Humber ports. Clearly, the dockers' dispute, which has shut about half of ABP's capacity, is intensifying the profits drain in the current half, although that is to some extent offset by wage savings. It is anybody's guess how much long-term business ABP has lost from the disputes. However, its ungeared balance sheet should allow it to come through without too much internal damage. The disputes will have to get much worse for it to trim the final dividend, pointing to a solid prospective yield of 6.3 per cent.

Brown Boveri orders up by 20%

THE IMPROVEMENT seen by **Brown Boveri Kent (Holdings)** at the last year-end, continued into the opening half of the current year and pre-tax profits for the six months to June 30 advanced by 20 per cent from £2.76m to £3.31m.

Mr E. Bielinski, the chairman, says the increase in profits was despite turnover having been noticeably affected by customers' delays on a number of overseas contracts. Turnover of this Luton-based industrial process control and measurement group was £54.83m against £50.59m.

Operating profits were £5.98m against £5.4m. The pre-tax figure was after depreciation up from £1.38m to £1.49m and interest charges of £1.18m compared with £1.28m.

First half tax was up from £1.13m to £1.26m, with the overseas content accounting for much of this at £980,000 (£896,000). Minority debits took £144,000 (£82,000) and after dividends of £651,000 (£543,000), the balance taken to reserves was £1.25m (£1m).

The interim dividend is unchanged at 1p net—last year a total of 2.5p was paid from pre-tax profits of £6.27m. Earnings per 25p share are stated to have improved from 2.8p to 3.3p.

Mr Bielinski says the order intake at the half-year also showed a 20 per cent improvement, and a significant increase in turnover is expected in the latter part of the year.

The group's activities in the U.S. have been expanded by the acquisition of the previously independent water meter distributorship (effective May 1 1984) and there has also been an encouraging increase in the level of orders taken in the U.S.

He says market conditions remain difficult in a number of areas, but the benefits resulting from the introduction of new products and the implementation of cost reduction programmes continue to be realised. He anticipates, therefore, that the results for the remainder of the year will show a further advance.

The rights issue in May raised new capital of £7.46m net from the issue of 10,856,565 new ordinary shares at 70p per share.

● comment

Brown Boveri Kent is at long last seeing the benefit of the heavy reorganisation and rationalisation it had to carry out in response to recession. These measures are still not complete and some of the costs are borne in these figures. But the company is also generating growth from an accelerating improvement in sales, which could be perhaps 12 per cent up on last year, after a gain of a mere 2.5 per cent from 1982 to 1983. The biggest improvements have been in water meters, especially in Australia. In the two other major divisions—process control and industrial measurement—the company is operating in depressed markets in Europe and the UK; the U.S. is a different matter but here BBK is starting from a low base. The introduction of new products, notably an electronic chart recorder and electronic control valves, may have given BBK a competitive edge in certain areas—helped by an exchange rate which hampers U.S. rivals—but this will not compensate for the general lack of demand from heavy industry. For the current year the company should make more than £8m pre-tax, putting the shares, unchanged at 78p, on a prospective multiple of about nine, assuming a 35 per cent tax charge. At this price they are fairly valued.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
A. B. Ports ......int.	3	Nov 7	3	—	8.5
Bemrose Corp. ......int.	4.4	Nov 13	4.4	—	11
Bestobell	5.7	Oct 19	5.7	—	13.5
Biddle Holdings ......int.	2.4	Nov 8	2.4	—	10
Boddingtons† ......int.	1.23	Oct 15	1.4	—	3.64
Bowater Industries int.	3.5‖	Nov 5	3.5	—	7.75
British Mohair ......int.	1.25	Oct 31	1.15	—	4.65
Brown Boveri ......int.	1*	Jan 2	1	—	2.5
Burmah Oil ......int.	3.5	Dec 31	3.5	—	9.75
Celtic Haven	0.5	—	0.5	0.75	0.75
City & Commercial int.	1.9	Sept 30	1.84	—	3.3
Delta Group ......int.	1.82	Jan 2	1.82	—	3.75
Dom Holdings	3.23	Nov 15	2.8	4.95	4.28
Euro Ferries ......int.	1.1	Jan 2	1.1	—	3.6
Hickson Intl.	4	Oct 31	3	—	11.5
Highcroft Inv.	0.8	—	0.7*	—	1.75*
John Kent‡	nil	—	nil	nil	nil
Kwahu	1.25	Nov 1	1.25	1.25	1.25
London Shop Prop. int.	4.61	Oct 5	4.25	6.61	5.75
Petrocon Group ......int.	1.75	Oct 17	1.25	—	3.75
Powerline Intl‡	0.8	Nov 1	—	—	—
Prudential Corp. ......int.	7.5**	—	5.5	—	19
Reuters ......int.	1	Nov 5	—	—	—
Shell Transport ......int.	11.9	Nov 8	10.2	—	25.2
Suter ......int.	1.2	Nov 30	0.75	—	2.5
Telefusion ......int.	1.13	Nov 5	1.13	1.95	1.95
Tolfex Holdings ......int.	1.05**	—	0.42	—	1.47
Tricentrol ......int.**	4	Nov 30	2.8	—	10
Thomas Walker ......int.	0.66	—	0.6	0.83	0.77
Turner & Newall ...int.	1	Nov 15	0.25	—	1
Westpool Inv ......int.	1.04	Nov 10	0.98	1.38	1.34
Wolstenholme Rink int.	2.5	Nov 13	2.5	—	6.75

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § For 15 months to end-December 1983. ‖ On new capital. ** To reduce disparity.

Electrical side helps Delta to £20m

WITH THE MAIN improvement coming from electrical equipment, **Delta Group** increased pre-tax profits by 49 per cent from £13.41m to £19.97m for the first half of 1984. Turnover of this industrial holding company rose from £252.02m to £292.79m.

The net interim dividend has been held at 1.82p. In the last full year a total of 3.75p was paid, from pre-tax profits of £31.83m. First half earnings per 25p share were shown as rising from 4.8p to 8.2p.

Commenting on current prospects, the directors say that in the UK there is little change to report in trading conditions, with demand for electrical equipment, fluid controls and metals uneven, but generally at reasonable, though not buoyant, levels.

Overseas conditions are mixed. There continues to be some recovery in Australia, the U.S. economy remains buoyant but recession persists in Southern Africa, Brazil and France.

First half results also experienced an encouraging increase in profits from resource services. Metals results were virtually maintained while those from fluid controls were down because rationalisation costs and depressed markets affected the gas controls division.

There was a further improvement in UK profits while those earned in Africa and Australia were also higher. Profits in the Americas and Europe were down because of depressed conditions in Brazil and France.

A breakdown of turnover and pre-tax profits by division shows: electrical equipment £131.25m (£112.66m) and £12.87m (£6.84m); fluid controls £80.91m (£78.09m) and £2.56m (£5.82m); metals £90.4m (£78.27m) and £3.76m (£3.77m); resource services £59.43m (£47.73m) and £4.76m (£2.77m); less corporate finance £3.98m (£5.79m). Inter-group turnover took £39.81m (£30.15m) and relaetd companies £39.39m (£34.58m).

Pre-tax profits were struck after related companies contributed £3.24m (£2.84m), and interest took £3.98m (£5.79m).

Operating profits of £20.71m (£16.36m) were struck after depreciation of £6.8m (£7m), metal stock profits of £1m (£4.16m) and rationalisation and redundancy costs of £3.52m (£1.86m).

Tax came to £7.6m (£6.34m), and minorities came to £0.58m (£0.16m). Preference payments were the same-again at £0.05m, leaving the attributable balance up from £6.86m to £11.74m.

● comment

Delta is a cyclical stock currently on its upward slope. Even after taking account of unexpectedly large rationalisation costs, these first half profits are almost 50 per cent higher, with which there is no complaint. But the memory of the small dividend cut back in 1982 still lingers, so the decision to hold the dividend, even though there is always the scope to boost the final, proved a dampner, and the shares eased 3p to 89p. As expected the main thrust has come from the electrical equipment division, which has benefited from last year's demise of Ward and Goldstone's cables business and the subsequent price war truce. A less-crowded marketplace is also evident in the metals division after the IMI/McKechnie deal, where Delta has clearly had the oportunity to flex its muscles. Fluid control is the bugbear this time, squeezed by dull markets in France and Brazil and the cut-backs. This notwithstanding, Delta's other activities should push the group to £42m for the year. Taking a line through the interim tax charge the prospective multiple *is just over 5*—a rating which reflects dividend prospects rather than the immediate trading outlook.

Bemrose still sees second half recovery

Pre-tax profits for the six months to June 30 1984 were sharply down from £1.15m to £261,000 at **Bemrose Corporation**, specialist printer and packager. At the May AGM the directors forecast that profits would be hit to the tune of £750,000 as the result of new methods in the production of cheques, and the cancellation of a text processing system.

The directors predict a better second half, and in the light of this are paying an unchanged interim dividend of 4.4p net per 25p share—they hope to at least match the total 1983 dividend of 11p.

On turnover up from £21.75m to £23.83m, operating profit was £582,000 (£1.39m). Interest took £321,000 compared with £245,000, and tax was unchanged at £219,000. Attributable profits emerged considerably lower at £42,000 (£928,000), and a transfer of £470,000 from reserves was made to help pay the dividend, as against a £416,000 transfer to reserves last time.

Earnings per share were shown as 0.32p (6.02p) net.

The board remains confident that the new high technology equipment for the production of cheques, which will soon be brought into full-scale production, will be a major added strength to Bemrose for the future.

It has already enabled the company to secure a large amount of business from Barclays and National Westminster banks.

Following the cancellation of the unsatisfactory contract for a text processing system, investigations have been completed to identify a new first-class system, which is planned to come on stream during the first half of 1985.

Elsewhere, the company's activities in security and confidential printing have continued to perform well, and the flexible packaging operations traded profitably. Bemrose is also seeking growth in advertising specialties.

Confident Suter surges by 68%

A SUBSTANTIAL improvement in turnover and profits by all of its continuing commercial businesses enabled Suter to lift its pre-tax figures by £692,000 in the half year ended June 30 1984.

The 68 per cent increase in profits to £1.71m was attained on a slightly lower turnover of £22.12m, compared with £22.22m.

The directors point out, however, that excluding the figures for businesses recently sold, group turnover was up by 20 per cent in the first quarter and 34 per cent in the second, compared with the same periods of 1983. They add that turnover remains "buoyant."

In view of the sharp advance in profits the interim dividend is being stepped up from 0.75p to 1.2p net per 5p share and current trends and trading conditions give confidence that the forecast final of 3.5p made last May will be recommended — 1.75p was paid prviously from taxable profits of £2.18m.

Trading profits for the half year advanced from £1.77m to £2.14m from which net interest payments took £428,000, compared with £752,000.

Tax accounted for £450,000 (£259,000) to leave net profits £501,000 ahead at £1.26m.

Earnings improved by 0.7p to 6.4p per share.

Suter manufactures and wholesales an extensive range of commercial refrigeration, air conditioning and hairdressing salon equipment.

NRS, the refrigeration wholesaling operation, again recorded higher trading profits from increased turnover. This improvement is expected to be maintained despite intense market competition.

Searle Manufacturing increased its turnover by 30 per cent over the first half of 1983. This, together with the reorganisation and rationalisation of the Fareham factory, produced a substantial increase in profits.

● comment

As befits an aggressive bidder, Suter has issued a challenging set of results, with a 68 per cent pre-tax profits increase accompanied by a three-point growth in gross margins to 7.7 per cent. The latter have been helped by the disposal in March of Prestcold's troublesome semi-hermetic unit division, although that has temporarily depressed group sales. The £11m proceeds of the disposal have wiped clean the formerly heavily geared balance sheet, producing a welcome drop in the interest bill, and allowing David Abell a touch more letitude on the acquisition front. With *around £7m, more* than 25 per cent of assets employed, lodged in Francis Industries where Abell is unlikely to get a seat on the board, his sights now look set to focus more closely on the juicier target of James Neill. Barring any further setbacks from the South African *associate*, group profits look capable of rising to £3.6m pre-tax for the year. That leaves the ordinary shares, down 5p to 133p, on an undemanding 11.5 times prospective earnings, assuming a 20 per cent tax charge.

Profits rise at British Mohair

Improved trading conditions in all sectors of the group have enabled **British Mohair Holdings** to return pre-tax profits for the six months to June 30 1984 sharply up from £1.81m to £2.25m.

During the period turnover increased by nearly 20 per cent from £15.93m to £19.09m, of which home sales accounted for £13.37m against £11.03m, and overseas sales for £5.72m (£4.9m).

Net interest receivable was down £15,000 at £83,000. Tax has been estimated at £919,000 (£749,000), to leave attributable profits at £1.33m (£1.06m).

Stated earnings per 25p share were up at 10.24p net compared with 8.14p.

Mr C. M. Fenton, chairman, reports that barring unforeseen circumstances, second half results should equal the £1.72m made in the last six months of 1983.

UK COMPANY NEWS

Thistle downturn checks Burmah at midway

A FALL in exploration and production profits at Burmah Oil was offset by a £9m *upturn in lubricants and fuels* and with a mixed result from the rest of the group's activities, the taxable figure came out just ahead at £32.3m *for the first half of 1984*, compared with £31.3m. Turnover, net of duties, increased from £765.2m to £809.2m.

The directors say that while the climate for a number of trading activities, particularly for lubricants and speciality chemicals, is encouraging, the Bahamas transshipment *terminal*, and automotive aftermarket, continue to present problems.

After tax of £18.7m (£22.5m), which included *petroleum* revenue tax halved at £4.5m (£9.2m), earnings per £1 share were well up at 8.75p, against 5.42p, while the interim dividend is unchanged at 3.5p net—last year's final payment was 6.25p and taxable profits amounted to £79.1m (£81m).

At the attributable level the group came out £14.4m *in the* black, against an £11.3m loss, after extraordinary credits of £1.3m (£19.6m) debits.

Pre-tax result for the first half was split as to: exploration and production £8.7m (£17.6m); lubricants and fuels £30.2m (£21m); specialty chemicals £3.2m (£1.4m); shipping £1.8m (£2.7m); retailing and distribution £1.9m loss (£1.6m loss); Quinton Hazell £0.5m (£1.6m); investment division £1.1m (£1m); investment income and unallocated central expenses £1.9m credit (£0.4m debit). Interest charges took £13.2m (£12m).

Profit from the Thistle Field was down from £21.9m to £16.3m the fall in production being partly offset by a higher sterling oil price. Depletion of exploration costs took £7m, compared with £3.8m.

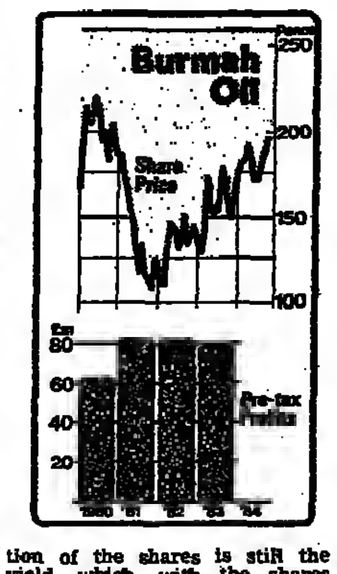
Profit from lubricants and fuels increased substantially as a result of significant improvements from most Castrol operations, particularly in North America, the UK, Germany, Australia, South Africa and Latin America. These achievements demonstrate the continuing strength of Castrol's worldwide operations, directors state.

The contribution from speciality chemicals also rose strongly, reflecting continuing good performances from recent acquisitions and improved results from the overseas adhesives and with the benefits of the sealants operations together closure of the two loss-making European businesses.

In shipping, tanker fleet losses were reduced from £7.7m to £2.4m as a direct result of hte cancellation of the two VLCC charters in 1983 and the reduction in hire rates to minimal levels for two medium-sized vessels. However, freight rates remain very depressed.

There was an increase in the sales of retailing and distribution. Halfords turnover *rose 8 per cent*, but there were exceptional costs of £0.8m mainly relating to a new shop-improvement programme.

Continuing difficulties in the automotive aftermarket, particularly for exhausts, adversely affected Quinton Hazell profits. Investment division benefitted from the sale of the engineering businesses early in 1984.



● comment

Despite the respect due to Burmah as a survivor from yesteryear, it is still hard to work up enthusiasm for the spread of its business. The failure so far to replace Thistle with equivalent exploration interests makes the group tax charge still formidable, and though Castrol has again done remarkably well, the scatter of other interests present an unhappy picture. Shipping l ooks set to continue as a running sore for a long time, and the Bahamas terminal is an increasingly expensive hangover from the '70s. It is also dispiriting to hear of the difficult outlook for Quinton Hazell—a business which Burmah has unsuccessfully tried ti get rid of in the past. The speciality chemicals division is a bright spot, partly due to loss elimination, partly to the *upturn in economic* activity. But the main attraction of the shares is still the yield, which, with the shares at 190p (down 6p), is at a historic 7.8 per cent; and the decision only to maintain the interim payout seems to limit the outlook for the full year. Bid hopes, as ever, flicker on the horizon, but seem un insufficient reason to buy.

Memory programs for survival

MEMORY COMPUTER, the Irish electronics company whose shares have been suspended for the past two weeks because of confusion over last year's results, has launched a new computer on which much of its prospects for long-term survival depend.

Success for the Memory 58, which was wholly designed and developed by the company to operate its software systems, is central to the company's plans for future growth, assuming it can get over its present serious difficulty.

The company hopes to produce final, audited figures early next week and will then ask for the suspension of its shares to be lifted. The audited figures are expected to be similar to revised results which showed a pre-tax profit of I£76,000 for the year to March and a loss, after extraordinary items, of almost I£500,000.

These figures, however, completely reversed preliminary results which showed a pre-tax profit of I£1.56m and which auditors Touche Ross and Co refused to accept. As a result, a planned share placing designed to raise I£2.3m had to be abandoned.

Memory still hopes to raise fresh funds when the audited figures appear and share trading resumes, but this will be difficult. There is concern over the high debtor-sales ratio, with the figures showing that Memory is apparently giving the customers seven months' credit. The company says the fact that its financial year ends in its busiest quarter distorts the figures.

The company's founders, Mr Aidan McKenna and Mr Pearse Mee, may have to plough back some of their own profits to inspire market confidence, according to some observers.

Memory received strong verbal backing from the Irish Foreign Minister, Mr Peter Barry, at yesterday's launch, when he said that, if the Irish did not back their own innovators, no one else would.

UK downturn leaves Tricentrol £5m lower

SECOND quarter profits of Tricentrol, oil and gas group, were higher at £6.5m against £5.9m, but for the six months ended June 30 1984, the result was £5.1m lower at £15.1m, reflecting a drop in the UK oil and gas contribution.

The results were before deducting PRT and corporate taxes.

Turnover was down £3.7m from £28.5m to £24.8m for the three months leaving the interim figure a similar amount behind at £54.5m (£58m). Production costs were virtually the same at £15.3m (£15.2m) and after first half depletion of £18.6m, against £17.7m, the gross profit came through down at £20.6m, compared with £25.1m.

An analysis of both turnover and taxable profits for the six months shows: UK £37m (£42.6m) and £13.6m (£20.5m); U.S. £8.4m (£7.8m) and £1.9m loss (£3.8m loss); Canada £9.1m (£7.6m) and £3m (£2.6m); oil trading £0.4m (£0.5m) profits.

To reduce disparity with the final payment the interim dividend has been increased to 4p (2.8p) net per 25p share, but the directors do not intend to recommend an increase in the total for the year (10p).

On the UK side, production from the Thistle Field in the second quarter was 7.37m barrels of crude oil—Tricentrol's share is 10 per cent—and was lower due to a maintenance shutdown of the platform from May 18 and June 3.

The directors say that Palmers Wood—the group has a 25 per cent interest—was shut-in during the second quarter to allow the drilling of two appraisal wells. Both have been completed and testing will begin in the third quarter. Production from the testing of Palmers Wood—1 well was 13,200 barrels for the three months.

In Canada the directors say there was "significant successes" in both Saskatchewan and Alberta during the first half of the year. At Rocanville in Saskatchewan 10 wells were drilled with six completed as oil producers, while at Mitsue, Alberta, five wells were completed to add to the two completed in 1983.

During the second quarter in the U.S. the group sold its onshore gas and oil properties, except the Bearpaw gas fields of Montana.

Production from these fields increased mainly due to a one-year brokerage sales arrangement with InterNorth, started in September 1983. Tricentrol drilled 29 wells in this area resulting in 18 gas wells and 11 plugged and abandoned.

Commenting on oil trading the directors say that the strong demand from the U.S. sector failed to keep prices firm during the second quarter because of the overproduction of OPEC crude oil. They add that despite the weak market circumstances, losses during this period were contained.

After much lower petroleum revenue tax of £1.5m, against £11.1m, and a corporate tax credit of £8.7m (£0.3m charge) for the six months—the figure included an £11m deferred release—profits came through at £22.3m, compared with £8.8m. There were, however, extraordinary debits for the period of £41.4m (nil) relating to a £53.9m book loss on the sale of certain U.S. assets reduced by associated previously unrealised exchange gains.

Before the extraordinary items, earnings are given as 24.1p against 10.4p.

● comment

There is a nagging feeling that Tricentrol is not the City's favourite oil stock. The 11m release of deferred tax in these figures, though perfectly above board, was viewed yesterday with a kind of irritable suspicion. That apart, the underlying drop in second quarter net earnings to £3.9m seems reasonable enough on grounds of seasonality. But the valuation of Tricentrol—unchanged yesterday at 203p—remains a matter of distant speculation. The sale of the U.S. onshore interests—book losses apart—makes for a tidier profile, and the Wytch Farm stake should be a promising contribumr in the late '80s. Between now and then, there may be a dip in earnings; but given Tricentrol's unusual spread of exploration interest around the world, it will always be a bid candidate in any case.

John Lewis Partnership ahead midway

Sales in the John Lewis Partnership department stores and Waitrose supermarket group for the half-year ended July 28 1984 were £555m against £490m. Trading profit rose 10 per cent to £23m and profit before tax was £2.6m more at £21.84m than last year — an increase of 14 per cent.

Mr Peter Lewis, chairman, says the results are "definitely encouraging" and a little better than anticipated. Branches in Newcastle, Liverpool and Sheffield are trading in difficult conditions but their results are satisfactory.

He says that the retail trade has remained surprisingly buoyant even though there is no clear evidence of an end to the recession. Sales estimates for the second half are expected to be achieved.

Mr Lewis warns that the possible doubling of the tax bill to about £16m for the year may affect the 26,000 employees who, as partners, share in an annual profit distribution.

Baltic Leasing

Baltic Leasing Group has agreed ferms to acquire Chieftain Trust Managers.

Thn price, which is not expected to exceed £1.2m, is subject to an adjustment following a detailed audit of Chieftain. Holders of 90 per cent of Chieftain have eccepted the terms.

Dull start for Boddingtons

VOLUME SALES at Manchester-based Boddingtons' Breweries remained dull over the six months ended June 23 1984 with unemployment continuing at a high level and business activity still affected by the recession both reducing the money available for beer consumption.

Pre-tax profits for the period edged ahead from a restated £3.9m to £3.99m from turnover £1.44m ahead at £23.14m.

However, Mr Ewart Boddington, the chairman, says the group is now seeing the benefits of the capital investment programme through a higher contribution to profits from the retailing activities.

Looking ahead he says there are indications of a further improvement in profitability in the second six months.

Pre-extraordinary items, earnings are shown as improving from 2.55p to 3.12p and the interim dividend is being lifted from 1.14p to 1.23p net per 25p share.

Trading profits rose by £308,000 (or 6.9 per cent) but were offset by *higher interest charges* and depreciation largely resulting from a continued high level of investment in the licensed estate.

Bank interest accounted for £68,000 (£10,000) and depreciation £479,000, against a previous £396,000.

Tax took less at £1.67m (£2.04) to leave a net balance of £2.32m, compared with £1.86m.

The comparative pre-tax figures were adjusted for changes in the accounting treatment of repair expenditure on pub refurbishment projects.

John Kent 10% above forecast

John Kent, men'swear retailer, has achieved better than *expected* pre-tax profits of £626,000 for the year ending May 26 1984, up from £570,000 last time.

This profit figure is some 10 per cent better than the forecast made at the time of the company's USM flotation in February as an independent entity from Amber Day Holdings, and reflects improvement in both profit *margins* and *operational* efficiency.

Sales rose during the year from £9.57m to £9.97m, and with the acquisition of five new shops since July and the current refurbishment of 12 others, the directors anticipate that the group's performance in the second half of the current year will improve substantially.

A single final dividend of 0.8p net per 5p ordinary share has been proposed. This is in line with the directors' intention, made known in February.

In future accounting periods the directors expect to pay an interim dividend in March and a final dividend in October. In a full year this is likely to be in excess of 1.22p net per share.

Owners Abroad acquires Twenty's

Owners Abroad Group, an air travel and package holiday company, has moved in on the specialist holiday market for young people through the acquisition of Twenty's.

Mr Neil Scott, chairman of Owners, says Twenty's will be a useful addition to the group and will compete directly with the Club 18-30 packages operated by Intasun.

Twenty's will fit in with Owners' existing package holiday business, Falcon Leisure, acquired last year. The purchase price for Twenty's will be determined by its performance over the next three years.

The acquisition announcement from Owners, a USM stock, accompanied its interim results statement showing that the group had achieved a small profit of £15,000, against a restated loss of £19,000, in the seasonable unfavourable six month period to June 30 1984.

Commenting on the half year, Mr Scott says that it has completely vindicated his view that 1984 would not bring a holiday boom. This year, he says, is the most difficult one be has experienced in the industry, but be is still confident of the year's outcome.

The problems in the travel industry are due to the so-called "world travel boom." More and more seats have become available and supply has far exceeded demand, he says.

"Even in these conditions, the company has carried a record 244,606 passengers compared with 219,220 in the first half of 1983, which was itself a record," says Mr Scott.

Twenty's is expected to carry 27,000 holidaymakers to Mediterranean resorts this year, which Mr Scott hopes will be increased to 40,000 in 1985.

Looking ahead to next year, Mr Scott sees a more balanced *market*.

Group turnover for the first half totalled £30.32m, against £27.3m, and tax payable amounted to £22,000 (credit £4,000). Branch closures resulted in an extraordinary debit this time of £88,000, leaving the group with an attributable loss of £95,000 (£15,000).

Trusthouse Forte

Travelodge International, a U.S. subsidiary of Trusthouse Forte, *returned record sales and earnings* for the third quarter and 1984.

Net income before tax for the quarter ending July 31 was $5.4m ($4.87m), bringing the nine months total to $10.2m ($9.05m). Net quarterly income per share was $1.35 ($1.21) and $2.62 ($2.34) for the nine months.

BOARD MEETINGS

TODAY

Interims:—Banro Industries, Breedon and Cloud Hill Lime Works, Horace Cory, Early's of Witney, Hall Engineering, Harmony Gold Mining, Lyon and Lyon, Macallan-Glenlivet, Minet, Morgan Crucible, Promotions House, Ryan International, H. Samuel, G. W. Sparrow, Woodhouse and Rixson.

Finals:—Bogod-Pelepah, Bristol Channel Ship Repairers, Don Brothers Buist, George Oliver (Footwear).

FUTURE DATES

Interims:—	
Anglo American Invest. Tst.	Oct 4
Barker and Dobson	Sept 20
Bentson Clark	Sept 24
Britannia Arrow	Sept 19
Cakebread Robey	Sept 16
Cape Industries	Sept 19
Charterhouse J. Rothschild	Sept 26
East Rand Gold and Uranium	Oct 18
Falcon Industries	Sept 25
Holt Lloyd International	Oct 4
JSO Computer	Sept 21
Moss Bros.	Sept 24
Newman Industries	Sept 19
Scott and Robertson	Sept 25
Spencer (George)	Sept 20
Tharsis	Sept 20
Wilkes (James)	Sept 27
Finals:—	
Acorn Computer	Sept 25
Atlantic Computers	†Sept 26
Fisher (Albert)	Oct 15
Free State Geduld Mines	Oct 18
New Central Witwatersrand Areas	Oct 11
President Brand Gold Mining	Oct 19
President Steyn Gold Mining	Oct 15
Trafford Park Estates	Sept 19
Walker (Alfred)	Sept 16
Welkom Gold Mining	Oct 19
Western Holdings	Oct 19

BANK RETURN

BANKING DEPARTMENT

	Wednesday September 12 1984 £	Increase (+) or Decrease (—) for week £
Liabilities		
Capital	14,553,000	—
Public Deposits	39,274,038	— 384,765
Bankers Deposits	647,684,410	— 9,588,240
Reserve and other Accounts	1,639,722,899	+ 56,087,827
	2,341,234,348	+ 46,114,802
Assets		
Government Securities	391,409,579	— 115,655,000
Advance & other Accounts	717,086,833	+ 59,796,987
Premises Equipment & other Secs.	1,223,430,821	+ 101,878,722
Notes	9,162,945	— 911,376
Coin	155,470	+ 5,469
	2,341,234,348	+ 46,114,802

ISSUE DEPARTMENT

	£	£
Liabilities		
Notes issued	12,050,000,000	— 40,000,000
in circulation	12,040,837,055	— 39,088,624
in Banking Department	9,162,945	— 911,376
Assets		
Government Dept	11,015,100	—
Other Government Securities	1,732,309,233	— 47,355,121
Other Securities	10,306,675,667	+ 7,355,121
	12,050,000,000	— 40,000,000

UK COMPANY NEWS

Telefusion plans radical changes

HIT BY sharply higher depreciation and interest charges Telefusion saw its pre-tax profits fall by £1.87m to £2.29m over the 12 months ended April 28, 1984.

However, radical changes are planned which will "ensure profit growth in future years" and the dividend for the year is being maintained at 1.95p net with an unchanged final of 1.13p.

The directors are also proposing voting rights for "A" ordinary shareholders and a one-for-ten scrip to ordinary holders as compensation.

Turnover, (excluding VAT), sales and service income rose from £66.89m to £70.87m and rental income increased by £1.62m to £28.42m — the group operates 137 rental and retail showrooms and 103 Trident retail superstores.

Depreciation rose from £8.19m to £10.1m and interest charges by £640,000 to £2.44m.

Tax of £500,000 (£1.44m) left net profits at £1.79m (£2.82m) but the benefits of a £3.27m deferred tax release lifted available profits by over £2m to £4.9m.

Continuing investment in fixed assets (£17.43m against £21.84m) was "still very heavy."

The group has looked critically at its rental and retail policies and the considerable changes which have taken place in the electrical rental and retail sectors. Operating the rental and retail showrooms separate from the Trident retail superstores had duplicated costs and fragmented the purchasing and marketing of merchandise.

It is pointed out that the advantages of pooling group resources, covering all branches under one marketing strategy, are "overwhelming."

There is a high level of activity within all group operations.

● comment

The rise in Telefusion's share price yesterday had no thing to do with the figure's which are undoubtedly disappointing. True, higher depreciation and interest charges area feature of growth in the rental sector but Telefusion could not even point to a satisfactory improvement before these deductions. Margins are under pressure and the miners can't be blamed for everything. What got the price off the floor was news that the non-voters are at long last being enfranchised (though voting control remains with the family) and the two mainline trading activities are being rationalised into a grouping more in keeping with the 1980s. Indeed those commercial changes are already well underway, no doubt at considerable cost to current profits. But shareholders can live with yet another setback, what is important is that the new management broom appears to be busily sweeping away. After the 5p rise to 35p yesterday the shares will probably hang in limbo until further details of the new strategy are revealed.

Leave a Living Legacy

You can make sure that your concern for the old and frail will live on after your own lifetime.

For by leaving a legacy you can give certainty to MHA's continuing care of the elderly in need.

Today we look after more than 1300 elderly people in our Homes and Sheltered Housing, and we plan to increase this figure to 2000 by the year 1990. Will you help?

Do consult your solicitor. Or write to MHA for leaflets that describe our work and give guidance in making a Will or arranging a codicil.

Please remember us – and be remembered.

MHA METHODIST HOMES FOR THE AGED

Epworth House, 25/35 City Road, London EC1Y 1DR. Reg. Charity No. 218504.

Notice of Redemption

Citicorp Overseas Finance Corporation N.V.

16¾% Guaranteed Notes due October 15, 1986

NOTICE IS HEREBY GIVEN that Citicorp Overseas Finance Corporation N.V. (the "Company") has elected to redeem on October 15, 1984 (the "Redemption Date") all of its outstanding 16¾% Guaranteed Notes due October 15, 1986 (the "Notes") at a redemption price equal to the principal amount thereof plus interest accrued to the Redemption Date. On and after the Redemption Date, interest on the Notes will cease to accrue.

The Notes are to be redeemed at the main offices of Citibank, N.A. in London, Brussels, Paris, Frankfurt am Main, Amsterdam and Zurich, or at the main office of Citicorp Bank (Luxembourg) S.A. in Luxembourg.

The Notes should be presented and surrendered at the offices set forth in the preceding paragraph on the Redemption Date with all interest coupons maturing subsequent to said date.

Coupons due October 15, 1984 should be detached and presented for payment in the usual manner.

CITICORP OVERSEAS FINANCE CORPORATION N.V.

By: CITIBANK, N.A. Fiscal Agent

September 14, 1984

VG INSTRUMENTS PLC
INTERIM RESULTS – 30 JUNE 1984

£m	6 months to 30 June 1984 Unaudited	1983	Year to 31 Dec 1983
Turnover	21.8	16.9	39.4
Profit before taxation	3.4	2.3	7.3
Profit attributable to shareholders	1.9	1.3	3.9

"Decisions taken in 1982 and 1983 are now contributing to continued growth with improved margins. Further developments and additions to our product lines are in progress to sustain this profitable growth."

"The interim dividend is 0.6p per share"

B.A.Eastwell, *Chairman.*

Copies of the Interim Statement are available from the Secretary 29 Brighton Road, Crawley, West Sussex, RH10 6AE.

Strikes hold back Euroferries' profits

TAXABLE profits of European Ferries Group, shipping concern, moved ahead from a restated £9.8m to £11.7m for the first six months of 1984, but the interim dividend is unchanged at 1.1p per share, the directors considering it prudent to await the full-year results before recommending the dividend policy in respect of the year.

Excluding banking, turnover increased from £119.8m to £126.8m and operating profits for the period came out ahead from £5.6m to £6.2m.

A divisional analysis of both turnover and pre-tax profits shows: shipping £95.2m (£86.6m) and £0.4m (£1.3mm); harbour operations £20.2m (£18.4m) and £3.9m (£4.3m); banking £2.5m (£2.4m) profits; UK property £8m (£12.4m) and £0.8m (£2.3m); overseas property £3.4m (£2.4m) and £2.9m (£0.9m); other activities £1.3m (£0.1m) profit; head office interest £0.1m (£1.4m).

Mr Ken Siddle, chairman, points out that shipping remains highly competitive, but the group has maintained market share and continued to progress, subject, he adds, only to the "damaging effects of strike action."

Mr Siddle explains that the half year shipping profits would have exceeded those for 1983 were it not for a three week stoppage on the group's Felixstowe services during May and June. The second half has been affected by the dock strike in July "and we are unlikely to be able to better the 1983 profits in this division."

The group's ports are working to capacity and require the impetus of the currently planned two year investment programme to produce significantly higher profits, the chairman states.

Mr Kenneth Siddle, chairman of European Ferries. . . . Shipping profits unlikely to better 1983 figures.

Banking profits are in respect of the period up to April 30 last, when the sale of Singer & Friedlander was completed. The results are still budgeted to be satisfactory for the year as a whole.

The directors point out that on September 7 the group acquired the share capital of European Ferries thereby constituting a merger between the two companies for accounting purposes. Operating results are Friedlander group was completed. Sale proceeds, he points out, have increased head office interest receipts since that date.

Property contributions are not considered particularly meaningful at the half year stage, but not affected by the arrangements, but results for the first half of 1983 have been restated to comply with SSAP 20—foreign currency translation — and to reflect a reconstruction of certain of the group's freehold interests.

Tax charge for the six months amounted to £3.3m (£4.3m) and after minorities, £0.4m (£0.5m) and an extraordinary credit of £7.1m this time, attributable profits came through well ahead at £15.1m, compared with £8m.

See Lex

Hickson ahead despite dispute

Hickson International made further progress in the first six months of this year despite a seven-week strike at one of its chemical companies.

Group profits before tax rose from £6.06m to £7.02m, reflecting a higher contribution from timber products, a lower interest charge, and the absence this time of redundancy and closure costs.

Mr M. Hopley, chairman, anticipates that the current trend will continue during the rest of the year.

A shortfall at the strike-affected Hickson & Welch was partially offset by higher contributions from other chemical companies, enabling the division as a whole to return a virtually unchanged £2.71m (£2.73m).

Despite the damaging effect of the interruption, Mr Hopley expects an improvement in chemical profits for 1984 as a whole.

Timber products contributed more at £3.6m, against £3.07m, with operating subsidiaries in the UK, New Zealand, and South Africa all showing an improvement.

However, consolidation of figures from New Zealand and South Africa at the year-end will be affected by the decreased value of the NZ $ and rand.

During the six months small timber treatment companies were acquired in Holland and Belgium and both are operating profitably.

Building materials maintained first half profits at £379,000 (£375,000) in spite of difficult trading conditions. The new Newcastle branch is performing well and further expansion is being pursued.

Shareholders are set to receive an interim dividend of 4p net—this compares with a first interim dividend of 3p in respect of the company's extended 15 month financial period to end-December 1983. This was followed by a second interim of 6p and a 2.5p final.

Group profits for the period under review were achieved on higher turnover of £65.59m, against £58.76m.

● comment

The market welcomed these results from Hickson with a 8p rise to 376p, largely because of an unexpectedly big increase in the dividend. The City has been forewarned of the possible impact of the seven-week strike at Hickson and Welch, which cost an estimated £1m at the pre-tax level and took the shine off the yesterday's figures. The chemicals division is still riding the up of the cycle, with a modest price increase, currently being brought into effect, showing the company has, as yet, not sensed any slackening in demand. In timber, the best performances were in New Zealand and South Africa, unfortunately both areas in which currency devaluations will take their toll in the second half results. The building materials businesses did hotter than appears because accounting changes mask an underlying improvement in profits. The difficulty for Hickson lies not in the next few months, which should be good, but beyond. The chemicals business is cyclical with little exposure to growth speciality areas; timber is a mature market. Hickson's plan to expand by acquisition—but the two most recent purchases are timber companies in Belgium and Holland, which can hardly be expected to transform the group. For the current year, the company should make about £15½m pre-tax, putting the shares on a prospective multiple of 8½, assuming a 44 per cent tax charge—high enough.

Australian gains for Bestobell

DIFFICULT trading conditions prevailed in the UK for the first half of 1984 at Bestobell, leaving pre-tax profits just ahead from £4.08m to £4.11m. Turnover of this international group, which specialises in component technologies, moved up from £66.94m to £71.09m.

At the end of the last full year profits were hit by provisions of £2.62m made on two Australian contracts—the taxable result fell from £8.71m to £5.13m. For the first half Mr A. B. Marshall, chairman, now says that a number of claims have been pursued succesfully, enabling an exceptional write back of £903,000 of the provision.

A breakdown of trading profits of £4.56m (£4.96m) shows: controls and instrumentation £1.64m (£1.85m); aviation and engineering £1.23m (£1.11m); North America £567,000 (£582,000); Australia and south east Asia £376,000 (£648,000); South and Central Africa £333,000 (£772,000).

Trading profits break down as to 60 per cent UK (54 per cent) and 40 per cent overseas and Europe (46 per cent).

The net interim dividend has been hold at 5.7p—in the last full year a total of 13.5p was paid. First half earnings per 25p share are shown as slipping from 14.1p to 13.3p. Tax amounted to £1.77m (£1.72m).

As part of further restructuring the activities of the former energy engineering business group were reviewed and steam valves and engineering companies were organised.

Merchanting of engineering products in the UK has been devolved, in part, to controls and instrumentation, and, in part, to the new UK group of aviation and engineering. Some lower margin engineering products will be discontinued. The cost of this restructuring is included in extraordinary items of £450,000 (£1.3m).

Attributable profits came through at 1.71m (£973,000).

Continuing progress in aviation seals companies offset a lower contribution fro msome traditional control and instrumentation markets where the effects of new product introdnctions have yet to show through. Evershed and Vignoles, acquired in Decemher 1983, has performed to expectations.

COMPANY NEWS IN BRIEF

Toy maker Sharna Ware has seen pre-tax profits diva from £71,000 to £21,000 for the first half of 1984. The directors say they consider the results are highly satisfactory bearing in mind that trading conditions remained highly competitive during the period.

Turnover was maintained at £8.7m (£8.63m). The construction of a new cash and carry unit in Stockport has been completed and will open for trading in October 1984.

The net interim dividend has been held at 0.9p. In the last full year a total of 2.45p was paid from pre-tax profits of £806,285 (£686,868).

* * *

Both turnover and pre-tax profits of Waverley Cameron, stationery manufacturer, were down for the first half of 1984.

Reflecting some difficulties early in the year in adjusting to changes in the product mix and in the seasonal buying patterns of some of the company's customers, turnover slipped to £1.1m (£1.12m) while profits amounted to £14,566, against £15,246.

Tax took £3,642 (£544) after which earnings were 0.87p (1.27p) per 25p share.

* * *

Pre-tax profits of Biddle Holdings, heating and air conditioning equipmant manufacturer, expanded from £394,000 to £650,000 for the first aix months of 1984. Turnover rose from £8.91m to £10.43m.

Orders received at F. H. Biddle showed aoma improvement over 1983, and a small profit was ohtained. Trading conditions are still difficult, directors state, but every effort is being made to maintain this improvement in the second six months.

Profits for the period included interest receivabla of £117,000, compared with £195,000, and were subject to tax of £275,000 (£121,000).

The interim dividend is unchanged at 2.4p net—last year's final payment was 7.6p and taxable profits amounted to £1.25m.

* * *

Excluding car tax and VAT, turnover of Appleyard Group, car and commercial vehicle distributor and retailer, rose 14 per cent from £63.73m to £72.86m and taxable profits surged to £500,000 for the six months ended June 30 1984, against £195,000. The directors believe the group will continue to improve its performance.

They state, however, that while operating profits increased by 25 per cent from £645,000 to £804,000, trading margins continued to be "glossly inadequate in a highly competitive market."

After tax of £114,000 (£76,000) earnings per 25p share were 4.7p (1.4p) and there is again no interim dividend.

* * *

Pre-tax profits of £1.04m (£1.03m) have been produced by Dom Holdings for the year to the end of March 1984. At the halfway stage the directors were anticipating a reasonable increase in profit compared with the previous year—interim profits rose 20 per cent to £602,000.

Turnover of the retailer and manufacturer of fixing products grew from £14.43m to £17.35m.

The net final dividend has been raised from 2.799p to 3.225p—which lifts the total from 4.278p to 4.95p. Earnings per share are shown as slipping from 9.16p to 7.86p.

Tax took more et £452,000 (£346,000)—there was also a deferred tax release of £226,000 this time. Attributable profits emerged up from £687,000 to £816,000. Dividend wil absorb £371,000 (£321,000).

* * *

Pre-tax profits of United Beal Property Trust rose sharply from £2.99m to £4.76m in the year to April 5 1984. The final dividend is 0.5p higher at 7p for e total net payment up from 8p to 10p per 25p share.

Net rental and service income increased from £3.89m to £5.04m, after rents payable and other property outgoings of £0.91m (£1.18m).

THE "SHELL" TRANSPORT AND TRADING COMPANY, P.L.C.

NOTICE IS HEREBY GIVEN that a balance of the Register will be struck on Thursday, 4th October, 1984 for the preparation of warrants for an Interim Dividend for the year 1984 of 11.9p per 25p Ordinary Share payable on 8th November, 1984.

For transferees to receive this dividend, their transfers must be lodged with the Company's Registrar, Lloyds Bank Plc, Registrar's Department, Goring-by-Sea, Worthing, West Sussex, BN12 6DA, not later than 3.00 p.m. on 4th October, 1984.

SHARE WARRANTS TO BEARER

The Coupon to be presented for the above dividend will be No. 171 which must be left at Lloyds Bank Plc, Registrar's Department, Issue Section, 111, Old Broad Street, London EC2N 1AU, at least five clear days for examination, or may be surrendered through MM. Lazard Freres, Paris.

By Order of the Board, D. W. CHESTERMAN Company Secretary

Shell Centre, London SE1 7NA. 13th September, 1984.

LADBROKE INDEX
Based on FT Index
851-855 (unchanged)
Tel: 01-427 4411

BASE LENDING RATES

A.B.N. Bank	10½%	■ Hill Samuel	§10½%
Allied Irish Bank	10½%	C. Hoare & Co.	†10½%
Amro Bank	10½%	Hongkong & Shanghai	10½%
Henry Ansbacher	10½%	Kingsnorth Trust Ltd.	10 %
Armco Trust Ltd.	11 %	Knowsley & Co. Ltd.	11 %
Associates Cap. Corp.	10½%	Lloyds Bank	10½%
Banco de Bilbao	10½%	Mallinhall Limited	10½%
Bank Hapoalim	10½%	Edward Manson & Co.	11½%
BCCI	10½%	Meghraj and Sons Ltd.	10½%
Bank of Ireland	10½%	Midland Bank	10½%
Bank of Cyprus	10½%	■ Morgan Grenfell	10½%
Bank of India	10½%	National Bk. of Kuwait	10½%
Bank of Scotland	10½%	National Girobank	10½%
Banque Belge Ltd.	10½%	National Westminster	10½%
Barclays Bank	10½%	Norwich Gen. Tst.	10½%
Beneficial Trust Ltd.	11½%	People's Tst. & Sv. Ltd.	12 %
Brit. Bank of Mid. East	10½%	R. Raphael & Sons	10½%
■ Brown Shipley	10½%	P. S. Refson & Co.	10½%
CL Bank Nederland	10½%	Roxburghe Guarantee	11½%
Canada Perm't Trust	10½%	Royal Bk. of Scotland	10½%
Cayzer Ltd.	10½%	Royal Trust Co. Canada	10½%
Cedar Holdings	11 %	■ J. Henry Schroder Wagg	10½%
■ Charterhouse Japhet	10½%	Standard Chartered	‖10½%
Choulartons	11½%	Trade Dev. Bank	10½%
Citibank NA	10½%	TCB	10½%
Citibank Savings	‖12 %	Trustee Savings Bank	10½%
Clydesdale Bank	10½%	United Bank of Kuwait	10½%
C. E. Coates & Co. Ltd.	11½%	United Mizrahi Bank	10½%
Comm. Bk. N. East	10½%	Volkskas Limited	10½%
Consolidated Credits	10½%	Westpac Banking Corp.	10½%
Co-operative Bank	*10½%	Whiteaway Laidlaw	11 %
The Cyprus Popular Bk	10½%	Williams & Glyn's	10½%
Dunbar & Co. Ltd.	10½%	Wintrust Secs. Ltd.	11 %
Duncan Lawrie	10½%	Yorkshire Bank	10½%
E. T. Trust	11 %		
Exeter Trust Ltd.	11 %		
First Nat. Fin. Corp.	13 %		
First Nat. Secs. Ltd.	12 %		
■ Robert Fleming & Co.	10½%		
Robert Fraser	11 %		
Grindlays Bank	‡10½%		
■ Guinness Mahon	10½%		
■ Hambros Bank	10½%		
Heritable & Gen. Trust	10½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7.25%. 1-month 8.00%. Fixed rate 12 months £2,500 9.75% £10,000, 12 months 10.00%.
† 7-day deposits on sums of under £10,000 7¼%, £10,000 up to £50,000 8%, £50,000 and over 8½%.
‡ Call deposits £1,000 and over 7¼%.
‖ 21-day deposits over £1,000 8¼%.
§ Demand deposits 7¼%.
¶ Mortgage base rate.

Prudential Corporation

Interim Results

Group Results and Dividend

The estimated profits attributable to shareholders for the first half of 1984 were significantly lower at £14.1m, compared with £28.6m in 1983.

Continued good progress in profits was achieved in all areas of the Group's long-term business, but there were substantial trading losses from general insurance business in two major sectors, United Kingdom business and Mercantile & General's specialist reinsurance.

The Directors have declared an interim dividend of 7.5p per share (5.5p in 1983). This increase has been made to reduce the disparity between the interim and final dividends. The dividend will be paid on 15 November 1984 to shareholders on the Register at close of business on 18 October.

Unaudited Interim Results		Half year ended 30 June 1984 Estimated £m	1983 Estimated £m	Year 1983 Actual £m
Long-Term Business:	Premium income	910.2	767.2	1542.8
	Shareholders' profits after tax	33.7	25.5	59.0
General Insurance Business:	Premiums written	385.8	360.5	690.3
	Underwriting result	(68.3)	(37.2)	(80.1)
	Investment income	36.0	33.8	69.3
	Trading profit/(loss) before tax	(32.3)	(3.4)	(10.8)
	Taxation credit	6.5	1.0	7.0
	Profit/(loss) after tax	(25.8)	(2.4)	(3.8)
Shareholders' Other Income:	Investment income	11.6	10.3	20.7
	Miscellaneous net income	—	0.4	0.8
	Expenses	(0.9)	(1.1)	(2.1)
	Taxation	(4.0)	(4.0)	(8.0)
	Other income after tax	6.7	5.6	11.4
Summary of Results:	Long-term business	33.7	25.5	59.0
	General insurance business	(25.8)	(2.4)	(3.8)
	Shareholders' other income	6.7	5.6	11.4
	Total profit after tax	14.6	28.7	66.6
	Minority interests	(0.5)	(0.1)	(0.6)
	Profit attributable to shareholders	14.1	28.6	66.0
	Earnings per share	4.7p	9.6p	22.1p
	Dividend per share	7.5p	5.5p	19.0p

Notes
1 The half year results are estimated. They should not be taken as a guide to the likely results for the year as a whole.
2 The results for the half year ended 30 June 1983 are translated mainly at end 1983 exchange rates.

Long-Term Business

Total shareholders' profits after tax from long-term business rose by £8.2m to £33.7m, reflecting good increases in all the operating divisions. Premium income was 19% higher at £910.2m. New annual premiums were marginally lower at £142.8m, but single premiums were up by 47% to nearly £200m.

General Insurance Business

Half year ended 30 June	Premiums written 1984 £m	1983 £m	Underwriting result 1984 £m	1983 £m	Investment income 1984 £m	1983 £m	Trading profit before tax (loss) 1984 £m	1983 £m
UK Division:	141.8	124.8	(28.2)	(14.8)	11.6	11.1	(16.6)	(3.7)
Overseas Division:								
Canada	45.1	49.7	1.8	6.7	3.8	4.0	5.6	10.7
EEC	27.4	22.1	(4.2)	(3.9)	3.8	3.1	(0.4)	(0.8)
Other Countries	9.5	8.5	(1.4)	(1.0)	0.8	0.7	(0.6)	(0.3)
London Market Overseas	16.6	16.4	(2.3)	(2.4)	1.7	1.4	(0.6)	(1.0)
Total Overseas	98.6	96.7	(6.1)	(0.6)	10.1	9.2	4.0	8.6
Marine & Aviation	12.1	9.6	(0.3)	(2.1)	1.1	1.3	0.8	(0.8)
Mercantile & General	133.3	129.4	(33.7)	(19.7)	13.2	12.2	(20.5)	(7.5)
Total	385.8	360.5	(68.3)	(37.2)	36.0	33.8	(32.3)	(3.4)

In the United Kingdom, general insurance results suffered from a number of adverse factors. Commercial results were poor and the domestic property account was affected by exceptional bad weather losses of some £8.5m in the first quarter of the year and rapidly worsening claims experience arising from an increased level of thefts, particularly in certain inner-city areas. Sharp action to improve the results is being taken.

In Canada premium income fell by 11% in local currency. The trading profit was satisfactory at £5.6m although, as expected, this was lower than the exceptionally good 1983 figure of £10.7m. This reduction arose mainly in the automobile account, where there was some loss of business due to the intense competition despite a reduction in premium rates, and where claims frequency increased.

At Mercantile & General we continue to pursue, and indeed intensify, our efforts to prune unsatisfactory business from our portfolio and to increase premium rates to proper levels. Although it is too early for the benefits of our efforts since 1982 to be reflected in our underwriting results, we are achieving considerabla improvements in the terms on which we are renewing existing contracts and accepting any new business. The deterioration in the trading results to a loss before tax of £20.5m (£7.5m in 1983) has arisen in the fire and accident accounts, and relates principally to business written in earlier years; some further stengthening of previous years' reserves has therefore been necessary. Marine and aviaton business, in contrast, shows some improvement over last year, benefiting from the firm action we have taken. During the forthcoming treaty renewal season we shall again be adopting a highly selective approach to business. We are fully prepared to reduce the amount of business we write if the terms on which it is available do not improve sufficiently.

PRUDENTIAL CORPORATION

Prudential Corporation plc., 142 Holborn Bars, London EC1N 2NH.

BIDS AND DEALS

Amstrad leaves way open for Caparo

By Charles Batchelor

Amstrad, Mr Alan Sugar's consumer electronics group, yesterday pulled out of the bidding for Fidelity, which also makes audio and video products, leaving the way open for the £13.5m bid already on the table from Caparo Industries.

Fidelity's share price responded by falling below the level of the Caparo offer for the first time in over a week. It closed at 118p—5p down on the day and 2p below the Caparo offer.

Mr Sugar said last Monday that it was not out of the question that his company would make a bid for Fidelity though there had been no formal talks. He said he would be reviewing the situation and making a statement on Thursday.

A statement from Amstrad's board yesterday said it had considered its position and decided not to make any offer for Fidelity or take any other action.

Mr Sugar said: "We had preliminary talks with Fidelity and their merchant bankers and after looking at it for two days we came to the conclusion it was not for us.

"It was not a question of price. I think it is a bargain at the price Caparo is offering. However, we found that Fidelity had a very similar product range and the same customer base, which was not any advantage either.

"In addition we are expanding our factory at Shoeburyness. If we had not been we might have been more interested in their factory facilities."

Mr Swraj Paul, chairman of Caparo, said: "We were surprised at the speculation about Amstrad but we did not expect them to make a bid. We just did not see how it suited."

The Caparo and Fidelity boards met on Wednesday but no agreement was reached and no further meetings are planned. Mr Joseph Wiltshire, Fidelity chairman, commented: "I never really thought Amstrad was going to bid. Nothing has changed and we are still defending the bid vigorously. No one else has approached me."

Amstrad's shares rose 3p to 78p yesterday. Caparo rose 1p to 39p.

London Insterstate

Sparekassen SDS of Denmark, a shareholder in London Interstate Bank, the UK-based consortium bank, said yesterday that it has completed the acquisition of the 75 per cent of the shares in Interstate which it did not already own.

BET mopping up rest of Advance

BY CHARLES BATCHELOR

British Electric Traction (BET), the industrial services group whose £175m bid for the outstanding shares of Initial has been blocked by a Monopolies investigation, yesterday moved to tidy up its other laundry and cleaning business, Advance Services.

BET, which already owns 81 per cent of Advance's ordinary shares, has agreed the terms of a £6.5m deal with the company. The plan is for a scheme of arrangement whereby shares not owned by BET will be cancelled and minority shareholders offered either cash or BET shares.

Mr Hugh Dundas, BET chairman, said: "This is a logical move, in keeping with our overall strategy, and originally planned to follow our acquisition of Initial. However, that bid has now been referred to the Monopolies and Mergers Commission.

"We continue to believe that we should be allowed to own both Advance and Initial and we are vigorously pursuing our campaign for a favourable outcome. In the meantime, however, full ownership of Advance will give BET the flexibility to respond decisively to whatever lies ahead."

BET is flush with cash after selling its Rediffusion television rental business to Granada, the television and leisure group for £120m, in a deal intended to provide finance for the Initial purchase. BET denied that mopping up the remainder of Advance was being done specifically to facilitate the sale of the company should this be a condition of Monopolies Commission approval for the Initial takeover. This maybe one option open to it however.

The Advance deal had been planned for some time. BET has not yet had a meeting with the commission, which though one is likely next month.

Mr Norman Tebbitt, the Trade and Industry Secretary, referred BET's bid for the 59 per cent of Initial it did not already own to the commission on July 27.

It is a further step along BET's route of eliminating outside shareholdings in its subsidiaries, aligning accounting years as far as possible and streamlining the group's previously complex structure.

BET is offering five of its own shares for every 12 Advance 10p ordinary shares or 110p in cash for each share. It is also offering 100p for each 5.6 per cent £1 cumulative preference share and 75p for each 3.85 per cent £1 cumulative second preference share. It will pay the equivalent of £6.3m to ordinary shareholders and £260,000 to preference shareholders.

Advance's shares rose 18p to 109p while BET was unchanged at 262p.

County Bank secures Hong Kong base

County Bank, the merchant banking arm of National Westminster Bank, has exchanged contracts for the acquisition of Watson & Co, a member firm of the Hong Kong stock exchange. County Bank said yesterday that it hoped to complete the purchase on October 1.

No price has been disclosed for the deal but it is thought to be well under £5m. To make the acquisition County Bank is forming two separate subsidiaries, County Asia Securities and County Asia Investment Management which will acquire the stockbroking and fund management businesses respectively of Watson.

Mr David Lough, director in charge of Far East business at County Bank, said: "Our London-based securities dealings with clients in Asia have been expanding rapidly over the past two years—both in bonds and more recently in equities. We now need a dealing base in the Asian time zone itself. This acquisition will provide that base and at the same time take our equities business a big step forward."

Watson was established in 1976 and employs 30 people. The firm has about £40m of funds under management and its client base is predominantly institutional. It accounts for between 5 and 10 per cent of equities actively traded on the Hong Kong stock exchange.

As a subsidiary of National Westminster Bank which has a banking branch in Japan, County Bank is not entitled under present Japanese regulations to apply for licensed securities dealer status for its representative office in Japan.

It may, however, deal in securities from outside Japan with a specified range of institutions in Japan. This business is undertaken by County Bank from London, but has reached a scale where it needs to be carried out from a centre within the Asian time zone. That, said County Bank, was the rationale behind the deal with Watson.

The move itself is part of the broader strategy of the National Westminster Bank group in creating an international investment bank. Earlier this year it was announced that National Westminster had acquired 29.9 per cent of Bisgood Bishop, the London stockjobber, and has agreed to buy 5 per cent of Fielding Newson-Smith, stockbrokers.

As part of these agreements National Westminster Bank's shareholdings in these firms will rise to 100 per cent as Stock Exchange rules allow.

The ultimate objective is that the business of these firms and of County Asia Securities will be integrated.

Mr John Watson, sole proprietor of Watson, will become deputy chairman of the new companies being formed to take over his business and he will become a non-executive director of County Bank.

Mr Jonathan Cohen, deputy chief executive of County Bank, will become chairman of County Asia Securities and Mr David Gamble, joint managing director of County Bank Investment Management. Mr Raymond Theodoulou, presently director of County Bank in charge of securities sales and trading will become managing director of County Asia Securities, while remaining a director of County Bank.

● County Bank has set up a new subsidiary to devise, arrange and supply financial packages for business. The new subsidiary is called County Bank Development Capital. The subsidiary advises on management buy-outs, capital raising and the provision of equity finance for expansion.

Microgen £4.8m NatWest deal

BY CHARLES BATCHELOR

Microgen Holdings, the computer services company which converts computer print-outs into microfilm and microfiche, is to buy National Westminster Bank's computer output to microfilm (COM) subsidiary, Eurocom Data (Holdings) for £4.75m.

Eurocom, which is twice the size of Microgen in terms of turnover and workforce, has 18 COM bureaux in Denmark, Finland, Sweden, the UK and West Germany. It also markets ancillary equipment such as microfiche readers.

It made pre-tax profits of £309,000 on turnover of £11.2m in the year ended September 30 1983. About half of this turnover comes from overseas. It employs about 280 people.

Microgen will fund the purchase by the issue of new ordinary shares of 10p each to be placed with institutions on behalf of NatWest by stockbrokers Laurence, Prust and Co.

Converting computer print-outs into microfilm or microfiche allows considerable savings on postage, transport and storage costs. Nearly 700 pages of information can be compressed onto one postcard size fiche.

The acquisition will give Microgen a base for expansion onto the Continent and allow it to extend its activities by selling ancillary equipment to its own clients.

Microgen's shares fell 5p yesterday to 595p.

Microgen paid just under 1m for the COM bureau of LA Computer Services in March after buying Systemet, a computer type-setting business for £1.2m in September 1983.

It moved from a USM to a full stock exchange listing earlier this year and more than doubled pre-tax profits to £866,000 on turnover of £2.64m in the six months to the end of April 1984.

Bath & Portland stake sold by Anglo American

Anglo American, a South African-based conglomerate has cut its links with Bath and Portland, a British minerals, construction, agriculture and engineering group.

Anglo's subsidiary LTA has sold for £5.28m its remaining stake of just under 15 per cent to a fellow shareholder in the UK company, Bristol-based property group, M. P. Kent.

The deal takes Kent's stake in B&P from 3.4 per cent to 18.1 per cent, and its chairman, Mr Michael Kent, will join the B&P board, taking the place of an LTA nominee. Kent will however be restricted from buying more than 21 per cent of B&P for the next five years, under the terms of an agreement which previously bound LTA.

Mr Iain Clarke, B&P group chief executive, said that he was not surprised that LTA had sold out bearing in mind the economic problems of South Africa.

B&P hopes to expand its housebuilding operations and has already discussed the possible purchase of a substantial part of Kent's land bank.

United Leasing £2.5m expansion

United Leasing is paying £2.5m for Sumlock Bondain, one of the largest micro computer distributors in the UK.

Consideration will be satisfied by the issue of 988,270 ordinary shares in United Leasing. Arrangements are being made through Phillips and Drew for the placing of 725,076 ordinary shares of United Leasing on behalf of the vendors of Sumlock Bondain with clients of Phillips and Drew.

The vendors have agreed that the remaining 261,194 ordinary shares will be retained for a period of not less than nine months.

United Leasing's directors believe the acquisition will be an important step in the group's expansion policy and will not only provide access to additional markets but also broaden significantly the product range and expertise.

Imperial undecided over Hojo's future

Imperial Group, a tobacco, brewery and foods group, has yet to decide whether to sell or retain Howard Johnson (HoJo), its U.S. motels chain subsidiary.

The issue was on the agenda at a full board meeting yesterday and has been under internal review since HoJo disclosed worse-than-targeted first-half losses.

Imperial merely said yesterday that it had reviewed its options relating to HoJo's future but "has decided to explore these options in more detail."

Chubb plans to strengthen defence

Chubb & Son, the locks and alarms maker, plans to strengthen its defence against the £150m takeover bid from Racal, the defence and electronics group, with a specific profits forecast for the year to the end of March 1985.

Mr William Randall, Chubb's chairman, said he would write to shareholders in the next fortnight. The company last week said it would make record profits this year and promised an increase of at least 30 per cent in the total dividend to 7.735p per share.

Racal yesterday announced that it had received acceptances of only 0.57 per cent of Chubb's ordinary equity.

Chubb said: "It is apparent from this derisory level of acceptances that Racal's bid has been overwhelmingly rejected by Chubb shareholders. It urged shareholders to continue to take no action and repeated that the Racal bid had no commercial logic and clearly undervalued Chubb.

It said its offer was worth 20 times 1983-84 earnings from Chubb's ongoing business and represents a premium of 77 per cent over net assets per share and a premium of 50 per cent over the Chubb share price before it was affected by bid speculation.

Chubb's shares fell 1p yesterday to 266p while Racal eased 2p to 242p.

Mr Randall denied that Chubb was planning to bid for another electronics or security group as part of its defence strategy.

Racal yesterday issued a rebuttal of the Chubb defence document accusing it of distorting comparisons between the two groups by choosing as the base year for its graphs a year when Chubb's profitability was abysmally low.

"The reality is that the performance of Chubb's core businesses—excluding the disastrous venture into cash registers—has declined since 1979-80 and earnings per share have yet to recover to the level of that year," Racal said.

Norfolk Capital pays £2m for Old Swan Hotel

Norfolk Capital Group of hotels has agreed to acquire from Leisuretime International, a hotel and holiday group, the Old Swan Hotel in a deal worth £2.25m.

Under the deal, the Old Swan Hotel, Harrogate and its subsidiary are being acquired by Norfolk Capital through the allotment of 13.8m new ordinary shares.

Norfolk said that it intends to develop a group of hotels which attract more profitable business, and conference and individual tourist clientele. The acquisition of the Old Swan formed part of that strategy, it added.

In the year ending October 31 1983 the Old Swan made a net profit of £194,712 after adjusting for depreciation.

Unaudited management accounts for the nine months to July 1984 indicate that turnover and profits are in line with those achieved in the previous year.

Kennedy Brookes, a restaurant group, has sold its entire holding of 671,567 ordinary shares in Leisuretime International, and because of the sale Mr Michael Golder, Mr Roy Ackerman, and Mr Laurence Isaacson do not intend to join the board of Leisuretime.

* * *

The offer by Midepsa (Bermuda) for Henlys 6½ per cent cumulative preference shares has been accepted in respect of 70.02 per cent of the shares and has been extended until September 25. The offer has become unconditional in all respects and remains open for acceptances.

MINING NEWS

Gencor interim profits lower

BY GEORGE MILLING-STANLEY

SHARPLY HIGHER financing costs were the main reason behind the fall of 13 per cent in attributable profits of South Africa's General Mining Union Corporation (Gencor) group in the six months to June 30.

	Six months ended July 30, 1984	July 30, 1983
Turnover	2,603.8	2,127.5
Interest received	86.1	48.0
Investment income	92.9	85.8
Surplus on realisation of investments	2.3	3.8
Making	359.2	295.1
Financing costs	156.4	52.9
Exploration costs	8.1	6.7
Income before tax	193.7	206.5
Tax	40.5	37.4
Income after tax	153.2	169.1
Minorities	42.0	33.4
Effect of change in basis of stock valuation	1.8	6.5
Retained income of associates	12.5	0.2
Net profit	125.6	141.0
Div. convertible pref. shares	0.4	—
Interest on convertible debenture	2.8	—
Attributable	122.3	141.0
Interim div. (S cents) (1983—55 cents)	44.0	43.8
Retained	78.3	97.1

The group, South Africa's second-largest mining finance house behind Anglo American Corporation, maintained the interim dividend at 55 cents (27.5p) on attributable profits of R122.3m (£61.2m), compared with R141m in the opening six months of 1983. Last year's final dividend was 135 cents.

Gencor's principal operations seem to have done better at the operating level, with the single exception of the coal division, which suffered from the worldwide downturn in demand and prices.

The effects of this were, however, more than offset by the steep increase in interest paid, which jumped from R54.9m to R122.4m. The group has also made a provision for currency losses of R14.7m, and overall financing costs totalled R156.4m, against R52.9m last time.

Gencor also suffered from the increase in tax charges announced in the last South African budget, which cut R5.9m or 7 cents per share from attributable profits, and higher spending on exploration, which rose from R6.7m to R8.1m.

The contribution of the gold and uranium division to attributable profits fell from over one-third to just under 30 per cent, while the minerals division, which includes all Gencor's minerals apart from precious metals and coal, recovered from a small negative contribution to account for 12.4 per cent of attributable profits.

Gencor shares dipped 75p to a low for the year of £10¼ in London last night, although this probably had more to do with the generally easier trend of the South African mining finance sector than with any serious disappointment at the interim results.

MINING NEWS IN BRIEF

SOME 12 years after it took a 35 per cent stake in the rich Ashanti gold mine operated by Lonrho, the Ghana Government has agreed to pay the group immediate compensation. The amount has not been disclosed, but is likely to be substantial in view of the mine's profitability.

Lonrho said yesterday that the amount agreed at a meeting between the group's Mr R. W. Rowland, Mr Edward du Cann and Mr Robert Dunlop, and Dr Botchwey and Mr J. G. A. Renner for the government of Ghana, represented full and fair compensation. The money will be paid in sterling.

A joint statement confirmed the commitment of both parties to developing the mine and other collaborative ventures. Ashanti is owned as to 55 per cent by Ghana, with the remaining 45 per cent held by Lonrho.

* * *

Thailand's industry ministry is expected to sign an agreement early next month granting rights to explore for and produce gold to Mashbuml Company, a joint venture between Aokam Tin of Malaysia, Aokam Thai, Siam Cement and a number of Thai private individuals, reports Boonsong K'Thana in Bangkok.

The agreement is the first of its kind in Thailand for about 40 years, and Mashbuml will be the only gold explorer in the country.

The government will be entitled to 64.9 per cent of any benefits derived from gold production. Mashbuml plans to spend about U.S.$6.08m (£4.75m) on exploration over the next three years.

* * *

A reduced interim dividend of 105 cents (52.5p) is declared by South Africa's Harmony Gold Mining in the Barlow Rand group for the year to June 30 1985. The declaration compared with last year's interim of 130 cents, which was followed by a final of 105 cents for a total of 235 cents.

Mr C. G. Knobbs, Harmony's chairman, said in his annual statement earlier this week that the mine hoped to pay an unchanged total this year provided the gold price averages R18,000 per kilogramme, equivalent to about $335 at current exchange rates.

* * *

Yesterday's annual meeting of the UK-registered Hampton Gold Mining Areas was told by Lord Wakehurst, chairman, that the six-month coal strike is continuing to have a serious effect on the group's coal mining division and the mining machinery manufacturing interests.

While the group is doing all it can to mitigate the impact of the strike, the chairman said that both coal production and sales of mining equipment are well down on normal levels.

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Friday September 14 1984

Christmas butter bonus possible for EEC consumers, Page 44

WALL STREET

Interest-rate hope brings sharp rally

A LATE RALLY took Wall Street stocks sharply higher amid expectations that economic data, published after the market had closed, might point the way towards lower interest rates, *writes Michael Morgan in New York.*

In the credit markets prices of Treasury coupon issues also surged in the wake of the announcement of a much larger than expected $ 2.1bn decline in M1 money supply. The key long bond, the 12½ per cent of 2014, added 1 11/32 to 103 13/32 in the aftermath of the announcement.

At the close, the Dow Jones industrial average was up 27.94 at 1,228.25 – the highest since August 28. Volume increased to 111m shares from the previous day's 78m after several buying programmes were rumoured to have been launched by brokerage firms.

The 27.94 point advance was the largest since August 19 and matched that day's increase.

The stock markets had opened only modestly ahead, and the Dow had drifted 0.44 down by lunchtime. The rally took bold during the afternoon session with a peak 22.53 advance

In the credit markets, Treasury bill and note prices advanced as dealers awaited publication of banking and money supply figures late in the day.

In the wake of the M1 figures, prices of shorter-dated coupon issues were 5/32 to 25/32 higher while at the longer end, the 12 per cent bond, due in 2013, added 1 5/32 to 98 15/32.

At the short end, yields on three-month Treasury bills were nine basis points lower at 10.28 while six-month bills, yielding 10.38, were 12 basis points lower. Money market rates were lower.

In the stock market, advances were posted by many blue chips. IBM added $½ to $123, AT&T $⅛ to $18⅝, Du Pont $¼ to $47⅝ and American Express $½ to $33¼. Merck traded steady at $83¼, but Allied Corp added $⅝ to $34⅝.

In the motor sector, GM dipped $⅝ to $72⅞, and Chrysler was down $⅛ to $30⅛, but Ford managed a $⅜ rise to $43⅞.

In oils, Exxon was unchanged at $44½, but advances were seen in Atlantic Richfield, up $¼ to $51¼; Standard Oil of Indiana, $⅜ to $58⅛; Chevron, $⅛ to $35⅛; and Phillips Petroleum, $1 to $40⅞.

Among airlines, Pan Am traded unchanged at $4¾ amid plans to acquire $1bn worth of Airbus Industrie A310 wide-body jets and A320 standard-body aircraft.

Aerospace issues were mostly firmer, with General Dynamics at $64 up $½, Lockheed at $45 up $¼, Boeing at $54½ up $⅝, and United Technologies at $38⅛ up $⅛.

SmithKlein Beckman, the drugs and instruments group, traded unchanged at $55¼ following the preliminary agreement for it to acquire National Patent Development Corp's contact lens unit. National Patent added $2 to $24⅞.

Waste Management dipped $½ to $39¼ amid reports that federal environmental officials had found possible criminal violations in its toxic waste disposal practices.

ARA Services, the food vending and hospital management company, added a further $⅞ to $64⅞ after Wednesday's $10½ improvement in the wake of the planned leverage buyout by senior managers.

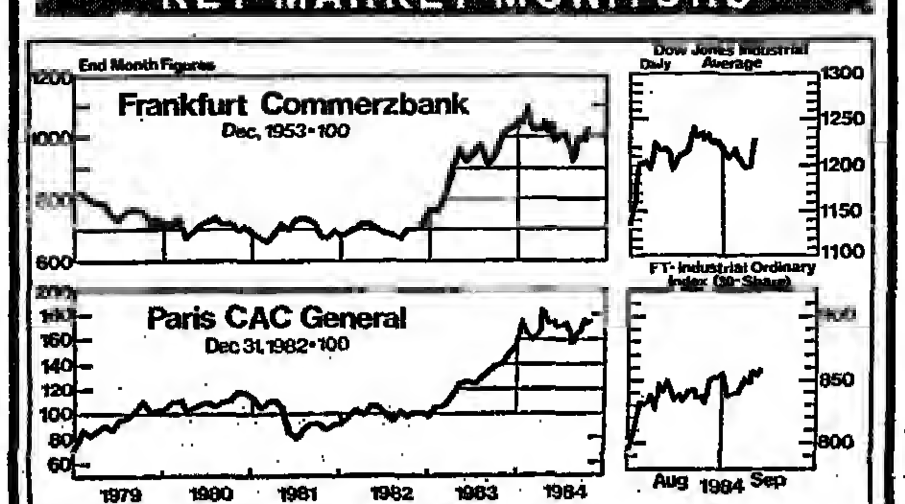
Texas Instruments dipped a further $⅜ to $127½ in continued reaction to the problems surrounding faulty micro-electronic circuits.

Teledyne was unchanged at $286½, and Data General fell $1½ to $52⅞. However, Burroughs added $¼ to $53⅞, and Digital Equipment traded up $1¼ to $97.

Goodyear shed $¼ to $27⅛, but Firestone put on $⅛ to $17⅞ following the decision of the leading tyre makers to hold product prices steady despite higher manufacturing costs.

Among heavily traded issues on the New York Stock Exchange, Commonwealth Edison added $¼ to $25½ while on the American Stock Exchange, Webcor Electronics dipped $⅛ to $2½.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Sept 13	Previous	Year ago
NEW YORK			
DJ Industrials	1,228.25	1,200.31	1,224.09
DJ Transport	525.45	513.21	561.05
DJ Utilities	131.00	129.26	131.21
S&P Composite	167.94	164.68	164.8
LONDON	Sept 13	Previous	Year ago
FT Ind Ord	858.8	857.6	696.9
FT-SE 100	1,105.3	1,103.5	954.2
FT-A All-share	521.92	520.82	445.59
FT-A 500	568.11	567.18	481.01
FT Gold mines	512.1	521.4	647.1
FT-A Long gilt	10.44	10.49	10.49
TOKYO			
Nikkei-Dow	10,578.76	10,533.54	9,299.33
Tokyo SE	815.6	810.74	685.65
AUSTRALIA	Sept 13		
All Ord.	718.9	718.1	731.1
Metals & Mins.	430.7	430.0	603.8
AUSTRIA			
Credit Aktien	53.84	53.94	55.15
BELGIUM			
Belgian SE	161.6	161.25	132.08
CANADA	Sept 13	Prev.	Yr ago
Toronto			
Metals & Mnls	1,995.29	1,939.9	—
Composite	2,376.48	2,340.1	2,560.6
Montreal			
Portfolio	—	115.11	125.63
DENMARK	Sept 13	Previous	Year ago
Copenhagen SE	178.1	177.23	204.22
FRANCE			
CAC Gen	174.1	173.5	134.2
Ind. Tendance	113.4	113.0	85.25
WEST GERMANY			
FAZ-Aktien	352.03	349.3	310.42
Commerzbank	1,024.2	1,018.2	921.1
HONG KONG			
Hang Seng	911.78	932.4	905.26
ITALY			
Banca Comm.	210.94	211.46	197.79
NETHERLANDS			
ANP-CBS Gen	168.3	166.6	139.6
ANP-CBS Ind	132.5	131.7	112.8
NORWAY			
Oslo SE	261.34	261.23	210.6
SINGAPORE			
Straits Times	900.39	905.53	978.02
SOUTH AFRICA			
Golds	912.4	931.4	834.8
Industrials	893.5	896.5	946.5
SPAIN			
Madrid SE	145.93	145.74	115.71
SWEDEN			
J&P	1,477.05	1,462.13	1,504.74
SWITZERLAND			
Swiss Bank Ind	375.7	375.8	337.1
WORLD	Sept 12	Prev	Year ago
Capital Int'l	181.4	180.9	178.7

GOLD (per ounce)

	Sept 13	Prev
London	$337.00	$338.75
Frankfurt	$337.25	$338.75
Zürich	$337.00	$338.50
Paris (fixing)	$335.95	$338.96
Luxembourg (fixing)	$337.25	$341.40
New York (Sept)	$338.10	$338.70

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Sept 13	Previous	STERLING Sept 13	Previous
$	—	—	1.268	1.28
DM	3.039	2.997	3.85	3.8375
Yen	245.55	244.9	311.75	313.25
FFr	9.315	9.195	11.8075	11.7616
SwFr	2.513	2.489	3.1875	3.1875
Guilder	3.4185	3.37825	4.3375	4.3225
Lira	1867.0	1843.0	2337.5	2357.0
BFr	61.05	60.35	77.45	77.15
C$	1.31575	1.31355	1.6665	1.6825

INTEREST RATES

	Sept 13	Prev
Euro-currencies (3-month offered rate)		
£	10 15/16	10 15/16
SwFr	5⅜	5⅛
DM	5 11/16	5⅝
FFr	11⅞	11 15/16
FT London Interbank fixing (offered rate)		
3-month U.S.$	11⅞	11⅞
6-month U.S.$	12⅛	12 3/16
U.S. Fed Funds	11½	11⅜
U.S. 3-month CDs	11.35	11.40
U.S. 3-month T-bills	10.35	10.40

U.S. BONDS

Treasury	Sept 13 Price	Yield	Prev Price	Yield
12¾ 1986	100 25/32	12.18	100 15/32	12.25
13¾ 1991	105⅜	12.52	105 1/32	12.62
12⅝ 1994	101⅞	12.43	100 25/32	12.53
12½ 2014	102 13/32	12.21	101 1/32	12.30
Corporate	Sept 13 Price	Yield	Prev Price	Yield
AT&T				
10⅜ June 1990	90⅞	12.80	89⅝	12.95
3⅞ July 1990	71⅜	10.60	71.00	10.60
8¾ May 2000	72⅜	12.90	71⅞	13.00
Xerox				
10⅞ March 1993	88⅞	12.80	87⅞	13.15
Diamond Shamrock				
10⅞ May 1993	87⅞	13.00	86⅞	13.25
Federated Dept Stores				
10⅝ May 2013	92⅛	13.00	90.342	13.30
Abbot Lab				
11.80 Feb 2013	90⅞	13.00	89.00	13.30
Alcoa				
12⅛ Dec 2012	90⅝	13.50	89.00	[illegible]

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Sept	68-01	68-02	67-23	67-14
U.S. Treasury Bills (IMM) $1m points of 100%				
Sept	89.91	89.85	89.76	89.78
Certificates of Deposit (IMM) $1m points of 100%				
Sept	88.56	88.60	88.52	88.55
LONDON				
Three-month Eurodollar $1m points of 100%				
Sept	88.38	88.40	88.30	88.26
20-year Notional Gilt £50,000 32nds of 100%				
Sept	106-21	106-31	106-10	106-10

COMMODITIES

(London)	Sept. 13	Prev
Silver (spot fixing)	557.40p	561.50p
Copper (cash)	£1,012.00	£1,024.50
Coffee (Sept)	£2,425.00	£2,392.50
Oil (spot Arabian light)	$27.78	$27.70

EUROPE

Tone turns somewhat stronger

A STRONGER tone emerged on the European bourses yesterday as the dollar appeared to be consolidating on its recent rampant advances rather than pushing much further ahead. Rising volume brought widespread gains for leading shares.

Paris, which on Wednesday bad shown little immediate response to the French budget details, decided a more generous welcome was in order, although oil issues were hit by an increase in tax on petrol. Elf-Aquitaine sbed FFr 7.10 to FFr 226.80, and Cie Française des Pétroles a parallel FFr 6.80 to FFr 218.

Radiotechnique, wbich announced a slide into the red, was another casualty, falling FFr 42 to FFr 230. But elsewhere the mood was positive. Club Méd put on FFr 4 to a peak FFr 999 amid its planned U.S. offering, while Roussel-Uclaf rallied FFr 30 to FFr 1,450.

Late profit-taking trimmed **Frankfurt** gains which by midsession bad taken the Commerzbank index 8.0 higher to 1,024.2, a three-day revival of 28.8 which brought it to a four-month high.

Banks showed Dresdner DM 2.50 better at DM 158.90 and Commerzbank up DM 3 to DM 159 after each had touched DM 180.50.

Porsche again led the way for the car makers, climbing DM 33 to DM 1,085 and approaching the peak DM 1,088 set soon after its flotation. It has risen DM 92 or 9.2 per cent over the three sessions.

VW, lagging this week, dipped DM 2.70 to DM 189 as demand favoured the luxury end of the market likely to benefit most from the strong dollar in U.S. export earnings.

Domestic bond price rises of some 10 basis points enabled the Bundesbank to sell DM 17.7m in paper.

Foreign demand favoured Royal Dutch in **Amsterdam** amid its dividend boost. It added Fl 4.10 to a record Fl 170. KLM did equally well with a Fl 4.30 gain at Fl 179.30, and Océ-Van der Grinten, ahead of its ADR issue news, continued Fl 2.50 upward to Fl 245.50.

Bos Kalis reversed a spate of setbacks with a Fl 2.20 jump to Fl 18.

Gains among bonds ranged to 40 basis points.

Nestlé was unable to shake off **Zurich** worries about the impact of its Carnation acquisition on profits and its debt position, despite assurances by the chairman that the effects would be negligible. It slid SwFr 78 to SwFr 5,150, taking its loss since the deal was announced to SwFr 341 or 7 per cent.

Otherwise shares held steady, as did domestic bonds.

Pre-settlement selling affected **Milan**, but La Centrale was again hard hit by a delay in its proposed absorption into Nuovo Banco Ambrosiano. It fell L103 to L1,805, a two-day setback of L225.

Fiat lost L57 at L4,183 ahead of its planned capital increase and was quoted after hours as low as L4,115.

Dull **Brussels** dealings allowed a BFr 70 rise for Petrofina at BFr 7,530, while in a steady **Stockholm** Boliden drew a late bid of SKr 370, up SKr 8, on a report that investment company Skrinet may raise its stake.

Electrical utilities were to the fore as a **Madrid** advance continued.

AUSTRALIA

MIXED SIGNALS from aoroad induced a note of caution into Sydney, with the All Ordinaries index edging 0.8 up to 718.9.

BHP and Bell Resources both shed 10 cents to the same A$10.05 level after Bell disclosed plans to sue BHP over oil royalty payments.

Mining issues were mixed with GMK off 20 cents to A$6, Poseidon down 5 cents to A$3, while Central Norseman advanced 10 cents to A$4.80.

Westpac was the exception in generally steady banks with its 4-cent rise to A$3.70.

TOKYO

Trust buying sustains good gains

BLUE CHIPS headed a comprehensive shopping list for investment trust houses and foreign investors in Tokyo yesterday, driving prices higher, *writes Shigeo Nishiwaki of Jiji Press.*

Interest in incentive-backed issues, which had supported otherwise lacklustre market activity since early August, faded rapidly, bowever.

The Nikkei-Dow market average gained 45.22 to 10,578.76. Volume swelled from 280.42m shares the previous day to 315.80m, exceeding 300m for the first time since August 31. But declines outnumbered advances by 389 to 333, with 172 issues unchanged.

Blue chips came to the forefront when Daiwa Investment Trust and Nikko Securities placed small-lot buy orders, and these represented six of the 10 most active stocks.

Foreign investors placed buy orders for 1.5m Toshiba shares, 1m Fujitsu and 700,000 NEC, although they remained net sellers, buying 12m shares through the big four securities companies in the morning session against sales of 14m.

Toshiba was the day's most active with 22.10m shares changing hands, gaining Y7 to Y441. Fujitsu and NEC were also traded briskly, adding Y80 and Y30 to Y1,400 and Y1,360 respectively. But Matsushita Electric Industrial lost popularity with only 570,000 shares traded and closed at Y1,650, up Y30.

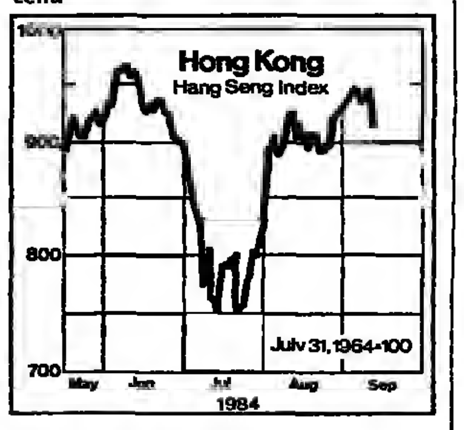
Shin-Etsu Chemical advanced Y30 to Y1,180 on the strength of buoyant semi-conductor demand. Kokusai Electric rose Y60 to Y2,820, Nippon Kogaku Y70 to Y1,470, Anritsu Electric Y90 to Y2,290, Sumitomo Electric Industries Y17 to Y905 and Fanuc Y70 to Y9,510.

Japan Air Lines remained in the spotlight, due to its good earnings prospects for the year ending next March, and soared Y300 to Y4,400. But incentive-backed issues fell on a wide front, with Kuraray losing Y35 to Y895 and Mochida Pharmaceutical Y200 to Y9,610.

Nippon Steel, the second most active stock with 9.3m shares changing hands, edged up Y1 to Y151, and Kawasaki Steel, fifth at 7.11m, remained unchanged at Y155.

Bond prices firmed slightly. Investor interest began to shift to 7.3 per cent government bonds, which were traded at just below par, from their 7.5 per cent counterparts, traded at above par.

Tbe yield on 7.3 per cent bonds maturing in December 1993 edged down from 7.295 to 7.290 per cent, and that on 7.5 per cent bonds due in January 1993 moved from 7.155 per cent to 7.150 per cent.



HONG KONG

PERSISTENT fears of a rise in local interest rates jolted Hong Kong shares, with the Hang Seng index down 20.62 to 911.78. Reports that all the outstanding issues between Britain and China over the colony's future had been resolved arrived too late to undo the damage.

Investors heeded warnings from Hongkong and Shanghai Bank that, if the U.S. dollar continued on its upward path, the Hong Kong prime rate would bave to follow. Most shares turned lower, with only a handful unchanged.

Hongkong Bank itself finished 15 cents weaker at HK$6.10 while Hang Seng Bank was HK$1.25 off at HK$31.75 and Bank of East Asia was steady at HK$20.

Swire Pacific shed 70 cents to HK$18.10, Hutchison Whampoa 30 cents to HK$10.90 and Jardine Matheson 20 cents to HK$8.15.

CANADA

GOLD issues continued to ease in Toronto although base metal shares added to the gains of the previous session. Hydrocarbon-related stocks, bowever, proved the most sought after.

Banks were in evidence in a stronger Montreal with industrials and utilities finding renewed support.

LONDON

Gilts gather renewed momentum

GILTS resumed their recent advance in style in London yesterday after a one-session respite. The latest surge in the dollar failed to discourage, and continued optimism over a breakthrough in the dockers' and miners' strikes gave added momentum.

Longer-dated gilts rose nearly a point before easing to close ⅝ up on the day, but gains in the shorts were halved from around ½ to ¼ in the end.

Equities were overshadowed, but corporate reporting again injected a note of interest. Oils were particularly busy, but Burmah's first-half figures did not impress, and it was marked down 6p to 180p. Shell Transport rose 8p to 658p.

Among constituents of the FT Industrial Ordinary index, Lucas Industries continued its upward run and late in the day rose to 239p, ahead 17p, on suggestions that Rockwell of the U.S. is poised to make a bid. The FT index closed 1.2 higher at 858.8.

Chief price changes, Page 38; Details, Page 39; Share information service, Pages 40–41

SINGAPORE

LATE SELLING pressure caused Singapore to turn broadly lower, taking the Straits Times index 5.14 down to 900.39.

Pan Electric was again actively traded but ended unchanged at S$3.18 after it disclosed plans to buy a stake in a local shipyard.

Fraser & Neave moved against the trend with a 10-cent rise to S$5.70 while Cold Storage was 10 cents down at S$3.06.

SOUTH AFRICA

AMID A STRIKE ballot by unionised black miners, Johannesburg golds moved quietly lower, broadly in line with the bullion trend.

Buffels shed R3 to R71, while among the mining houses Gencor at R22.25 retreated R1.25 as its interim figures showed sharp currency losses. Industrials drifted downward.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
25½	13¼	AAR	.48	2.1	23	16	22½	22¼	22¼	-⅛
18⅞	13½	AMF	.50	2.9	15?	544	17¼	16¾	17¼	+⅛
51⅛	49⅞	AMF	pf4.32e	8.6		4	50½	50½	50½	-⅛
41⅛	24¼	AMR			4	6638	28⅛	26⅞	28	+1⅛
20⅛	18	AMR	pf2.18	11		34	19⅝	19⅛	19⅛	-⅛
41½	27½	AMR	pf2.13	7.1		116	30⅛	28¾	30⅛	+1¼
25½	22⅞	ANR	pf2.67	11		4	23¾	23¾	25¼	
16¼	8½	APL				3	10	10	10	-⅛
64½	40¾	ARA	2.10	3.2	13	7823	u65¾	64¼	66	+1
69¾	44⅛	ASA	3a	5.8		320	51⅛	51⅛	51½	-½
30¾	16½	AVX	.32	1.4	15	95	23½	22⅞	23½	+⅛
53⅛	38¾	AbtLab	1.20	2.6	15	2469	47⅛	45⅝	46⅞	+⅝
35⅛	23¾	AccoWd	.66	2.0	20	164	33½	32⅞	33½	+½
27¼	12½	AcmeC	.40	2.5		154	16	15¾	15⅞	+¼
12⅞	8¼	AcmeE	.32b	3.6	14	19	9⅛	9	9	-⅛
25⅞	11	AdmDg	.04	.2	9	21	16⅜	16⅛	16⅜	+¼
18⅛	15	AdaEx	2.11e	13		81	16⅜	16	16⅛	-⅛
18⅞	11⅞	AdmMl	.28	1.9	10	17	14⅜	14⅛	14⅜	+¼
25	13½	AdvSys	.611	4.6	17	78	17½	17	17½	+¼
41⅛	25⅛	AMD			22	11460	38¾	38	38¼	+1¼
16¼	7⅛	Advest	.12	1.2		115	10¼	9⅝	10¼	+⅛
20	9⅞	Aeflex			12	230	12⅝	12	12⅝	+⅛
39	27¼	AetnL1	2.64	7.6	32	998	35⅛	34⅞	34⅞	+⅝
58⅛	54	AetL	pf5.78e	10.		5	55½	55½	55½	+1⅛
34½	15⅛	Ahmns	1.20	5.5	8	2395	22	20½	22	+1½
5⅛	2⅞	Aileen				126	3⅛	3	3⅛	+⅛
51	36½	AirPrd	1	2.2	10	287	48⅛	45⅞	48⅛	-½

Continued on Page 37

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

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Continued on Page 38

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 36

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X–Y–Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
52¼	33¾	Xerox	3	7.9	10	2998	39	37¼	39	+ ⅞
51½	45¼	Xerox	pf5.45	11		310	47⅞	47½	47⅞	+ ⅛
37	19	XTRA	.24	.9		136	26½	25⅞	26¼	+ ¼
34	24	ZaleCp	1.32	4.9	9	6	26¾	26⅝	26¾	
26½	19⅛	ZaleplA	.60	3.7		2	21½	21⅛	21½	− ⅛
24⅞	15⅛	Zapata	.84	4.0	15	3919	21	19⅞	21	+ 1⅛
48	28¼	Zayre	.40b	.9	13	507	48¼	45⅛	48	
38⅝	20	ZenithE			9	3075	22½	23⅛	24½	+ 1⅛
27⅞	18	Zero	s .36	1.5	18	4	24½	24¼	24¼	
34	21⅛	Zurnin	1.32	5.1	13	84	25⅞	25	25¼	+ ⅞

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

Sept. 13	Price Sch%	+ or —
Creditanstalt	202	...
Goesser	320	—4
Interunfall	400	...
Laenderbank	210	+1
Perlmooser	342	—5
Steyr-Daimler	146	...
Veitscher Mag.	222	...

BELGIUM/LUXEMBOURG

Sept. 15	Price Frs.	+ or —
ARBED	1,675	—10
Banq Int A Lux	5,375	...
Bekaert B	4,660	...
Ciment CBR	2,730	...
Cockerill	293	—1
Delhaize	5,650	—50
EBES	2,815	—5
Electrobel	7,960	—10
Fabrique Nat	2,080	+50
GB Inno BM	3,350	—30
GBL (Brux)	2,585	—5
Gevaert	3,535	+10
Hoboken	5,940	...
Intercom	2,320	...
Kredietbank	7,350	+50
Pan Hldgs.	9,800	...
Petrofina	7,530	+70
Royale Belge	9,420	—30
Soc. Gen. Banq	3,250	+5
Soc. Gen. Belge	1,920	—10
Sofina	7,090	+40
Solvay	4,410	+10
Traction el	4,070	—10
UCB	6,440	...
Vieille Mont.	4,720	+30

DENMARK

Sept. 13	Price Kr%	+ or —
Aarhus Olie	435	...
Andelsbanken	235	...
Baltic Skand	540	—5
CopHandelsbank	245	—1
D. Sukkerfab	825	—5
Danske Bank	24d	—2
East Asiatic	173	—2
Forenede Brygg.	855	—15
Forenede Damp.	73	—1
GNT Hldg	415	...
I.S.S.B.	460	...
Jyske Bank	450	...
Novo Ind.	1,290	—5
Privatbanken	220	—3
Provinsbanken	505	...
Smidth (F)	204	...
Sophus Berend	940	...
Superfos	445	—4

FRANCE

Sept. 13	Price Frs.	+ or —
Emprunt 4½% 1975	1,712	+1
Emprunt 7% 1973	9,055	—15
CNE 3%	5,890	—51
Air Liquide	845	+9
BIC	471	+10
Bouygues	638	+4
BSN Gervais	2,600	+40
CIT-Alcatel	1,188	+5
Carrefour	1,604	+4
Club Mediter'n	999	+4
CFAO	674	+4
Cie Bancaire	573	+8
Cofimeg	222	+4
Darty	1,852	—8
Dumez S.A.	695	—5
Eaux (Cie Gen)	851	+6
Elf-Aquitaine	226.8	—7.1
Gen. Occidentale	699	+2
Imetal	86.9	+0.4
Lafarge Coppee	344	+5.1
L'Oreal	2,540	+5
Legrand	1,992	+72
Maisons Phenix	188	—4
Matra S.A.	1,610	...

GERMANY

Sept. 13	Price Dm.	+ or —
AEG-Telef.	99	—0.5
Allianz Vers.	943	+4
BASF	166.4	+0.6
Bayer	171	+2
Bayer-Hypo	278	+2
Bayer-Verein	514.5	+6.5
BHF-Bank	252	+4
BMW	385.8	+2.8
Brown Boveri	201.5	+2.6
Commerzbank	159	+3
Cont'l. Gummi	119.9	+0.7
Daimler-Benz	640.5	+6.5
Degussa	358	+6
D'sche Babcock	158	—5
Deutsche Bank	533.3xr	+3.6
Dresdner Bank	158.9	+2.5
GHH	153.4	+5.9
Hochtief	488	—2
Hoechst	175.5	+1.8
Hoesch Werke	101.3	+1.1
Holzmann (P)	394.5	+14.5
Horten	174	—0.7
Kali und Salz	235.5	...
Karstadt	259.5	+1
Kaufhof	226.5	...
KHD	248.7	+0.2
Kloeckner	65.8	+1
Krupp	83	+1
Linde	572	...
Lufthansa	161	+1.0
MAN	149.5	+1.0
Mannesmann	155.5	+3.5
Mercedes Hld.	485.5	+14
Metallgesell.	212	+4
Muench Rueck	1210	...
Preussag	251	+3
Rhein West Elect	165	+1.0
Rosenthal	239.8	+10
Schering	571	+5.5
Siemens	409	+1
Thyssen	80.6	+1.1
Varta	175	+1
Veba	165.5	+0.8
V.E.W.	119.9	+1.4
Verein-West.	294	+2
Volkswagen	162	—2.7

ITALY

Sept 12	Price Lire	+ or —
Banca Com'le	18,850	...
Bastogi-IRBS	142	—2
Centrale	1,805	—103
Credito Varesino	3,900	—1
Fiat	4,185	—57
Finsider	38.5	...
Generali Assicur	52,600	—510
Invest	2,770	—30
Italcementi	49,010	—240
Montedison	1,177	+2
Olivetti	5,780	—10
Pirelli Co	3,012	+10
Pirelli Spa	1,728	—5
Snia BPD	1,797	+15
Toro Assic.	11,500	—150
do. Pref.	8,700	—100

NETHERLANDS

Sept. 15	Price Fls	+ or —
AGF Holding	183	+5
AEGON	117.5	+1.5
Ahold	197	...
AKZO	92.7	—0.6
ABN	292.8	—1.8
AMEV	166.5	+2.5
AMRO	57.5	+0.8
Bredero Cert.	151	—6
Bos Kalis Westm.	18	+2.2
Buehrmann-Tet.	66	+1
Calland Hldgs.	31.2	—0.1
Credit Lyon'is Bk	51.3	—0.7
Elsevier-NDU	25.1	—0.1
Gist Brocades	171	+1
Heineken	159.5	+1.6
Hoogovens	57.7	+0.6
Hunter Douglas	30	—0.1
Int Mueller	37	—1.1

NORWAY

Sept. 13	Price Kroner	+ or —
Bergens Bank	149	+2
Borregaard	227.5	+2.5
Christiania Bank	147.5	+1
DenNorske Cred	148	+0.5
Elkem	122.5	—2.5
Norsk Data	322.6	...
Norsk Hydro	635	—2
Storebrand	200	+2

SPAIN

Sept. 13	Price Pta%	+ or —
Bco Bilbao	348	—2
Bco Central	358	...
Bco Exterior	206	+2
Bco Hispano	248	—1
Bco Santander	325	+1
Bco Vizcaya	416	...
Dragados	181	...
Hidrola	74	+1.8
Iberduero	78.5	+0.8
Petroleos	164	—5
Telefonica	98.5	...

SWEDEN

Sept. 13	Price Kronor	+ or —
AGA	350	...
Alfa-Laval	215	+5
ASEA (Free)	385	...
Astra (Free)	470	...
Atlas Copco	107	—1
Boliden (Free)	380	+18
Cardo (Free)	290	—5
Cellulosa	124	+1
Electrolux B	245	+2
Ericsson	358	+5
Esselte	300	+10
Mo Och Domsjo	312	+5
Pharmacia	215	+3
Saab Scania Free	540	—10
Sandvik	405	+7
Skandia	345	...
Skan Enskilda	60	+1
SKF	166	+2
St Kopparbergs	700	...
Sven Handelsbn.	180	+6
Swedish Match	226	+3

AUSTRALIA (continued)

Sept. 13	Price Aust. $	+ or —
Gen Prop Trust	2.18	+0.05
Hardie (James)	5.32	+0.02
Hartogen Energy	2.20	+0.02
Herald W'yTimes	3.95	+0.10
ICI Aust.	2.06	+0.01
Jimberlana F.P.	0.27	...
Kia Ora Gold	0.13	...
Lend Lease	5.96	+0.08
MIM	2.65	...
Mayne Nickless	2.85	...
Meekatharra	0.70	...
Myer Emporium	1.89	—0.01
Nat. Com. Bk	5.52	...
News	10.0	...
Nicholas Kiwi	4.2	+0.1
North Bkn Hill	2.20	+0.02
Oakbridge	0.82	...
Otter Expl.	0.45	...
Pancont'l	1.20	—0.02
Pioneer Conc.	1.57	+0.01
Queensland Coal	1.18	+0.04
Reckitt & Coln.	2.80	—0.02
Repco	1.20	+0.02
Santos	6.84	+0.02
Smith (Howard)	3.95	+0.10
Southland Min'g.	0.28	...
Spargos Expl	0.43	...
Thos. Natwide	1.87	+0.01
Tooth	5.80	...
Vamgas	3.60	...
Western Mining	3.03	+0.01
Westpac Bank	3.70	+0.04
Woodside Petrol.	1.25	...
Woolworths	2.42	+0.01
Wormald Intl.	2.90	...

HONG KONG

Sept. 15	Price H.K.$	+ or —
Bank East Asia	20	...
Cheung Kong	7.5	—0.2
China Light	12.4	...
Hang Lung Devel	2.37	...
Hang Seng Bank	31.75	—1.25
HK Electric	6.75	—0.05
HK Kowloon Wh.	3.57	—0.08
HK Land	2.75	—0.1
HK Shanghai Bk.	6.1	—0.15
HK Telephone	44	...
Hutchison Wpo.	10.9	—0.3
Jardine Math.	8.15	—0.2

OVER-THE-COUNTER

Nasdaq national market, closing prices

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES

Tr. 13¾pc 00-03	£121⅝	+£⅝
Baggeridge Br.	166	+12
Bestobell	293	+11
Biddle Hldgs.	152	+12
BAe	351	+16
Christies	428	+14
Dowty	176	+7
Flight Refuelling	277	+19
Horizon Travel	173	+7
Imperial Group	155	+4
Lloyds Bank	468	+10
Lucas Inds.	239	+17
Pilkington	291	+9
Prince of W. H.	91	+8
Reuters	265	+6
Riley Leisure	60	+9
Rowntree M'tosh	344	+14
Strong & Fisher	166	+10
Shell Transport	658	+8
Charter Cons.	242	+5

FALLS

Brammer	260	—10
Desoutter Bros	128	—7
Espley Trust	23	—2
Lincroft Kilgour	110	—14
Ldn. Shop Prop.	190	—6
Pentland Inds.	160	—8
Prudential	478	—22
Sumrie Clothes	63	—7
Burmah Oil	190	—6
Gencor	£10½	—£¾

Continued on Page 46

CANADA

TORONTO

Closing prices September 13

MONTREAL

Closing prices September 13

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 37

LONDON STOCK EXCHANGE

MARKET REPORT

Gilts resume their advance despite strong dollar

Lucas bid speculation continues

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Sept 3	Sept 13	Sept 14	Sept 24
Sept 17	Sept 27	Sept 28	Oct 8
Oct 1	Oct 11	Oct 12	Oct 22

* "New-time" dealings may take place from 9.30 am two business days earlier.

Government stocks resumed their recent advance in style yesterday. After the previous day's respite, institutional operators returned to invest funds and London gilt-edged securities responded well. Early in the afternoon, the tap stock was nestling close to the authorities' selling level but demand faltered. Failure to test the Government broker then brought quotations away from the best.

The latest upsurge in the dollar, sterling fell to a record low against the U.S. currency but maintained its firmness over other leading currencies, failed to discourage investors. Now that the upward pressures on short-term American interest rates have subsided, many city operators are hoping for a resumption of the downward trend in UK base lending rates; money market levels were easier again yesterday.

Continuing optimism over a breakthrough in the miners' dispute, talks between the two sides resume today, and peace soon in the UK docks, gave the gilt-edged market added momentum. Longer-dated issues rose nearly a point before easing to close ⅜ up on the day, but gains in the shorts were halved from around ½ to ¼ in the end.

Equities were overshadowed but at the same time, underpinned by the confident tone in Gilts. Some leading industrials attracted a modest two-way trade but interest was centred largely on companies reporting trading statements. Yesterday's list was even longer than Wednesday's with several top-quality stocks announcing either interim or preliminary results.

Among constituents of the FT Industrial Ordinary share index, Lucas Industries continued their extraordinary run and late in the day rose to 239p, up another 17, still on speculation that U.S.-based Rockwell International is about to bid for the group. The index closed 1.2 higher at 858.8.

Pru depressed

A shock £25.8m loss on general insurance business and nearly-halved interim profits depressed Prudential, which dropped 22 to 478p. Other Life issues retreated in sympathy. Equity and Law, recently firm on takeover speculation, gave up 5 at 188p, and Legal and General softened the same amount to 515p. Composites, however, made modest progress. Improvements of 7 and 8 respectively were recorded in General Accident, 445p, and GRE, 585p. Elsewhere, still reflecting domestic market strength, Allianz Versicherung advanced 3 points more to £244.

Buyers showed an increased interest for clearing banks now that NatWest's rights issue is out of the way. Lloyds led the advance, rising 10 to 468p. Barclays closed 7 to the good at 470p, while NatWest ended 5 dearer at 485p, after 488p; the latter yesterday confirmed the start of Saturday opening in April. Merchant bankers Charterhouse J. Rothschild closed unchanged at the overnight level of 92p following the board's denial of market rumours that it had sold its 24.9 per cent stake in Hambro Life.

A trio of new water stocks made satisfactory debuts. The twin Bournemouth and Cambridge 8 per cent Preference 1988 issues closed at 10¼, while the similar coupon Essex 1989 stock settled at 10, all in £10-paid form.

Boddingtons, the Manchester-based brewers, eased 4 to 80p following slightly disappointing interim profits.

Movements in the Building sector were usually limited to a few pence either way, but Baggeridge Brick featured a rise of 12 to 166p following a flurry of speculative demand.

ICI edged up 4 to 628p, while Hickson International, reflecting the increased interim dividend and profits, rose 8 to 375p.

Ward White buoyant

Shoes continued to attract a fair measure of speculative enthusiasm. Ward White responded to revived bid speculation and closed 11 better at 147p amid talk that around 600,000 shares had been put through the market. Harris Queensway, 2 off at 166p, were favoured as a likely suitor in the wake of its abortive attempt to gain control of Style earlier in the year. Buyers also showed fresh interest for Strong and Fisher, 10 up at 166p, after 168p.

Leading Retailers finished with modest falls across the board following yet another slow business. Woolworth eased 9 to 527p although brokers Phillips and Drew rate the shares as "attractive." Gussies A gave up 5 to 538p, while Raybeck lost another penny at 31p. An exception was provided by Burton which hardened a couple of pence to 281p. Lincroft Kilgour dipped 14 to 110p awaiting news of acceptances to the contested offer from John Finlan, a penny off at 75p; the offer closes at 3.00 pm today. In contrast, Sumrie Clothes shed 7 to a 1984 low of 63p following the liquidation of speculative positions.

In the Electrical sector, Fidelity eased 5 to 118p following Amstrad's announcement that it would not launch a counter-bid. Cautious comment on the interim figures prompted a fall of 4 to 230p in VG Instruments, but Telefusion rose 5 to 39p and the A shares a like amount to 38p following the interim figures, proposals to enfranchise the A shares and one-for-ten scrip issue in Ordinary shares.

Engineers passed a relatively quiet session. Interim results from Delta, 3 down at 89p, failed to inspire the market, while Desoutter, a good market earlier in the week on the half-year figures, gave up 7 at 138p. C. H. Bailey improved 1½ to 24p on the announcement that North East Essex Building Company have acquired 2.75m Ordinary shares and 50,000 B Ordinary shares.

Revived rumours of an overseas bid lifted Rowntree Mackintosh 14 to a new high for the year of 344p. Other food leaders traded quietly with Associated Dairies 2 dearer at 174p and Cadbury Schweppes the turn harder at 133p. Single, up 2½ more at 76p, continued firmly still surrounded by takeover hopes. Among secondary issues, Hillards also attracted speculative support and finished 8 better at 260p, while Meadow Farm Produce firmed 7 at 220p.

Hotels were featured by a rise of 8 to 91p in Prince of Wales.

Bowater volatile

Bowater Industries were volatile and active following the interim statement, reacting to 168p and recovering to 178p before settling 2 cheaper on the day at 173p. Among the other miscellaneous industrial leaders, comment on the half-year figures prompted a rise of 6 to 490p in BTR. On the other hand, late offerings left Boots 5 lower at 166p, while Beecham eased 4 to 353p. Companies to improve after trading statements included Bestobell, 11 higher at 298p, Biddle Holdings, 12 to the good at 152p, Associated British Ports, 5 up at 198p, and Reuters, 6 dearer at 265p. Elsewhere, British Aerospace, up 16 at 351p, reflected late news of the Pan-Am/Airbus Industries deal. Revived RTZ stake rumours prompted a rise of 9 to 291p in Pilkington Bros, while speculative demand left Christies International 14 up at 428p and Flexello 9 higher at 82p. Brammer, a recent bid favourite, reacted 10 to 260p, while Pentland encountered fresh profit-taking and ran back 8 more to 160p. Lower interim profits left Sharna Ware 4 cheaper at 76p. J. Hewitt, still reflecting the poor half-year results eased 3 further to 55p. Elsewhere Advance Services jumped 18 to 109p in the after-hours' dealings on news of the agreed deal with BET; through a scheme of arrangement, the former will become a wholly-owned subsidiary of BET.

Horizon Travel returned to prominence in the Leisure sector, closing 7 higher at 173p following Press comment highlighting the possibilities of a bid from either Grand Metropolitan or Bass. Other package tour operators gained ground with Saga Holidays the same amount better at 115p and Intersun, 2 dearer at 112p. Riley Leisure reflected revived bid speculation at 60p, up 9. Leisuretime cheapened 3 to 63p; it was announced yesterday that Kennedy Brookes, 3 up at 240p, had disposed of its entire holding in the company.

Motor and aircraft components manufacturers remained one of the more exciting corners of the floor, and made further progress after-hours on news of the Pan-Am/Airbus Industrie deal. Lucas Industries, still responding to persistent speculation of a bid from Rockwell International, closed 17 higher at a 1984 peak of 239p, while Flight Refueling, buoyant of late orders from the Farnborough air show, advanced a similar amount to 277p. Dowty continued to benefit from "buy" recommendations emanating from Tuesday's meeting in London with leading analysts and rose 7 for a two-day advance of 16to 176p. Dunlop, however, eased 2 more to 36p awaiting further news of the balance sheet restructuring.

An otherwise uneventful session among Publishers was noteworthy for the continued strength of Home Counties Newspapers, which rose 5 more to 173p; HCN, currently the subject of abid from its holding company, have risen 38 so far this week following a newsletter investment recommendation. Elsewhere, advertising agencies made selective progress; Geers Gross rallied 6 more to 108p, while Lowe Howard-Spink, which announced impressive first-half figures on Tuesday, hardened 3 to 198p.

Properties plotted an irregular course in thin trading. London Shop declined 6 to 190p despite news of the 15 per cent final dividend increases, higher annual profits and proposed 50 per cent scrip-issue. Espley Trust dropped 2 more to 23p as the market continues to fear a boardroom upheaval. Percy Bilton gave up 4 at 218p and Greycoat Offices relinquished 9 to 188p.

A Press article directed fresh support to Imperial Group which advanced 4 more to a 1984 high of 175p; the shares will be quoted ex the dividend from next Monday. Bats, scheduled to reveal first-half profits next Wednesday, touched 267p before settling 3 to the good at 265p.

Shell firmer

Dividend declarations from Shell and Royal Dutch and interim reports from Tricentrol and Burmah Oil ensured a busy day in the Oils sector.

Shell were an active and firm market both before and after the increased interim dividend announcement and touched 660p before settling a net 8 to the good at 658p. Royal Dutch, which attracted good U.S. interest overnight, moved up ⅞ to a year's best of £39⅝.

Burmah Oil's figures were broadly in line with market forecasts but the shares were the subject of persistent profit-taking and fell away to close 6 off at 190p.

Tricentrol dipped from 205p to 198p immediately following the second quarter results but rallied to close unchanged on the day at 203p.

Other leading issues managed minor gains for much of the day but turned easier after-hours and closed with marginal falls. BP settled 2 off at 496p and LASMO 5 cheaper at 330p.

Among secondary issues, Anvil lost ground and ended the day 5 lower at 65p, but Ireland's Bryson advanced strongly to touch 325p before closing 25 better at 305p.

Golds retreat

A continuation of the dollar's strength brought renewed pressure to bear on precious and base-metal prices, causing further losses throughout the South African sectors of mining markets. Bullion retreated throughout the session and closed a net $1.75 cheaper at $337 an ounce.

South African Golds gave ground from the outset, Johannesburg offerings being followed by selling from London and Continental operators. Although the downward pressure was by means severe, there was little sign of a recovery and most issues settled at the day's lowest levels. The Gold Mines index fell 9.3 to 512.1—its lowest point since August 2.

The proposed strike by black mineworkers remained a major depressant with dealers awaiting the results of a strike ballot which should be known on Friday.

South African Financials mirrored the performance of Golds. Gencor were the subject of persistent Johannesburg selling ahead of the interim results—which were not known during market hours—and fell away to close ⅞ down at a year's low of £10¼.

London-domiciled Financials provided a couple of firm features. Charter Consolidated attracted good support—market rumours suggested a resumption of buying by Hansen Trust which was recently revealed to have built up a stake of approximately 3.3 per cent—and closed 5 firmer at 242p. Rio Tinto-Zinc continued their recent revival and put on 7 to 600p, extending the rise over the past four days to one of 30 ahead of the half-year results scheduled for Wednesday.

Traded Option volume expanded substantially with 4,071 calls struck—3,081 calls and 990 puts. The FTSE 100 index contract recorded 808 calls and 314 puts. Once again, considerable option money was directed towards Imperial Group which attracted 873 calls, 492 in the November 180's, which firmed a couple of pence to 7p.

FINANCIAL TIMES STOCK INDICES

	Sept. 13	Sept. 12	Sept. 11	Sept. 10	Sept. 7	Sept. 6	Year ago
Government Secs	80.35	80.18	80.20	79.83	79.49	79.21	80.82
Fixed Interest	83.85	83.81	83.11	82.82	82.73	82.55	83.14
Industrial Ord.	858.8	857.6	858.0	847.4	851.7	848.9	696.9
Gold Mines	610.1	681.4	616.7	616.8	633.2	531.9	647.1
Ord. Div. Yield	4.87	4.85	4.86	4.90	4.88	4.85	4.91
Earnings, Yld.% (full)	11.60	11.60	11.69	11.72	11.66	11.39	9.69
P/E Ratio (net) (*)	10.35	10.36	10.37	10.25	10.30	10.85	12.90
Total bargains (Est.)	16,509	16,181	16,376	15,440	18,920	18,358	18,532
Equity turnover £m.	—	288.36	336.49	175.09	316.94	211.77	234.88
Equity bargains	—	13,073	13,356	18,939	13,005	12,679	15,969
Shares traded (ml)	—	162.1	140.4	107.8	114.8	233.1	137.7

10 am 858.9. 11 am 857.8. Noon 858.0. 1 pm 858.0. 2pm 858.8. 3 pm 859.2.

Basis 100 Govt. Secs. 15/2/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil = 0.94.

HIGHS AND LOWS

	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.77 (8/1)	76.72 (30/7)	127.4 (9/1/35)	40.48 (3/1/75)
Fixed Int	87.48 (14/3)	80.45 (30/7)	155.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	922.8 (3/5)	755.3 (23/7)	922.8 (3/5/84)	49.4 (26/6/40)
Gold Mines	711.7 (8/6)	486.7 (1/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Sept. 12	Sept. 11
Daily Gilt Edged Bargains	124.7	158.2
Equities Bargains	90.8	85.5
Value	582.9	478.0
5-day Average Gilt Edged Bargains	126.6	128.7
Equities Bargains	84.9	83.3
Value	466.7	417.1

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur Sept 13 1984 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	Wed Sept 12 Index No.	Tues Sept 11 Index No.	Mon Sept 10 Index No.	Fri Sept 7 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (203)	513.89	+0.3	9.91	3.91	12.63	512.50	512.21	507.01	509.78	449.02
2	Building Materials (23)	470.26	+0.5	13.55	5.11	9.09	467.96	461.84	458.11	461.05	414.24
3	Contracting, Construction (30)	667.22	+0.1	14.49	5.78	8.00	666.30	664.29	659.36	666.91	716.49
4	Electricals (14)	1534.66	-0.7	10.60	4.87	11.71	1545.62	1551.63	1541.41	1529.23	1653.75
5	Electronics (32)	1829.98	-0.2	7.71	2.32	16.61	1832.88	1839.47	1809.58	1820.97	0.0
6	Mechanical Engineering (61)	258.57	+1.1	12.14	4.85	9.87	255.83	255.83	253.50	254.08	197.82
8	Metals and Metal Forming (9)	189.56	-0.1	12.08	6.91	10.38	189.77	190.90	188.16	188.05	169.93
9	Motors (17)	128.29	+0.4	10.51	5.25	—	127.77	127.87	126.32	126.76	113.34
10	Other Industrial Materials (17)	693.75	+0.8	6.76	3.86	18.34	688.15	688.55	689.08	695.24	517.12
21	CONSUMER GROUP (193)	524.90	—	10.72	4.29	11.58	524.70	523.78	519.62	521.90	425.83
22	Brewers and Distillers (23)	505.09	—	12.92	5.00	9.47	505.78	504.98	502.11	505.38	434.67
25	Food Manufacturing (22)	407.42	+0.5	13.86	5.38	8.92	405.26	405.71	405.22	408.10	337.08
26	Food Retailing (12)	1257.62	+0.8	7.36	2.63	17.98	1247.44	1244.38	1238.56	1244.48	975.88
27	Health and Household Products (9)	897.51	-0.4	5.58	2.72	21.54	901.29	904.32	899.76	899.84	754.87
29	Leisure (23)	574.64	+0.3	9.42	5.35	13.82	573.06	570.54	561.41	560.65	565.57
32	Newspapers, Publishing (13)	1306.39	-0.2	8.51	4.20	15.11	1308.56	1307.49	1318.25	1318.98	981.79
33	Packaging and Paper (15)	247.15	+0.3	14.39	5.62	8.05	246.31	245.85	246.29	244.96	189.21
34	Stores (46)	442.67	-1.0	9.75	4.04	13.65	447.30	443.73	439.46	443.18	376.06
35	Textiles (19)	272.36	+0.3	13.53	4.93	8.57	271.47	272.62	273.24	272.41	209.97
36	Tobaccos (3)	726.56	+1.3	15.61	5.82	7.23	717.12	716.14	698.08	702.17	485.99
39	Other Consumer (8)	462.41	+0.3	14.44	4.69	—	461.14	461.14	459.66	458.95	427.86
41	OTHER GROUPS (87)	471.68	+0.4	10.61	4.37	11.74	469.79	469.33	465.39	467.94	381.66
42	Chemicals (17)	620.72	+0.5	14.26	5.08	8.95	617.89	619.62	613.85	617.28	522.13
44	Office Equipment (4)	147.75	+0.5	7.75	5.20	14.65	146.98	144.44	144.08	144.33	110.84
45	Shipping and Transport (13)	873.92	+0.3	9.94	5.54	12.80	871.61	869.60	859.35	858.95	742.53
46	Miscellaneous (53)	658.99	+0.4	8.39	3.61	14.46	656.52	655.17	650.17	654.58	516.09
49	INDUSTRIAL GROUP (483)	519.12	+0.2	10.44	4.18	11.08	518.22	517.54	513.06	515.58	431.00
51	Oils (17)	1103.60	+0.1	15.76	6.67	7.85	1102.38	1100.94	1087.55	1093.38	1025.97
59	500 SHARE INDEX (500)	568.11	+0.2	11.33	4.60	10.95	567.18	566.43	561.21	564.01	481.01
61	FINANCIAL GROUP (118)	384.89	+0.1	—	5.85	—	384.51	384.28	384.62	386.40	328.91
62	Banks (6)	365.36	+1.0	23.50	8.51	5.31	361.74	358.06	359.76	360.81	356.14
63	Discount Houses (6)	419.68	-0.5	—	7.29	—	420.86	416.69	416.69	416.69	310.24
65	Insurance (Life) (9)	519.66	-1.9	—	5.16	—	529.76	528.54	527.21	531.66	458.01
66	Insurance (Composite) (8)	274.60	+0.9	—	6.75	—	272.20	273.69	272.89	275.48	216.66
67	Insurance (Brokers) (6)	818.54	+0.1	9.25	4.23	15.07	817.85	821.44	829.96	830.04	540.86
68	Merchant Banks (12)	216.62	-0.1	0.08	4.80	1511.36	216.90	215.25	214.46	214.42	203.04
69	Property (53)	595.03	-0.1	5.47	3.62	24.70	595.60	600.35	601.99	605.17	460.90
70	Other Finance (18)	250.63	+0.6	11.97	5.90	10.29	249.11	248.04	247.11	246.37	237.11
71	Investment Trusts (104)	521.90	+0.6	—	3.43	—	519.00	517.19	515.33	517.23	447.54
81	Mining Finance (4)	283.18	+0.8	9.92	5.29	12.93	281.07	280.32	273.18	271.05	320.09
91	Overseas Traders (14)	583.46	+0.7	9.92	6.64	12.48	579.46	571.42	568.97	569.66	493.10
99	ALL-SHARE INDEX (740)	521.92	+0.2	—	4.78	—	520.92	520.15	516.22	518.58	445.59

		Index No.	Day's Change	Day's High	Day's Low						
	FT-SE SHARE INDEX	1105.3	+1.8	1107.4	1104.8	—	1103.5	1103.1	1091.6	1099.3	

FIXED INTEREST

PRICE INDICES	Thur Sept 13	Day's change %	Wed Sept 12	xd adj. today	xd adj. 1984 to date
[illegible]					

	AVERAGE GROSS REDEMPTION YIELDS		Thur Sept 13	Wed Sept 12	Year ago (approx.)
	British Government				
1	Low	5 years	11.11	11.15	9.99
2	Coupons	15 years	10.99	10.65	10.30
3		25 years	10.11	10.15	9.94
	[illegible]				

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (69)

AMERICANS (19) Ameritech, Bankers Tst. NY, Bell Atlantic, CPC Intnl., Citicorp, Colgate-Palmolive, Exxon, First Chicago, Florida Pwr. & Light, Gillette, Great Western Fin., IBM Corp., NYNEX, Pacific Telesis, Quaker Oats, SCA Services, Saul (B. F.), Southwestern Bell, U.S. West

BANKS (2) Wells Fargo, Compagnie Bancaire

STORES (1) Ward White

ELECTRICALS (4) Ferranti, Fujitsu, Systems Designers Int., Toshiba

ENGINEERING (2) Brown & Tawse, Stanley Inds.

FOODS (2) Meadow Farm Prod., Single

HOTELS (1) Prince of Wales

INDUSTRIALS (10) Advance Services, Astbury & Madeley, Emhart Corp., Flexello Castors, Harris (Philip), Hollis Bros. & E.S.A., Reuters B, Sale Tilney, Smith & Nephew, Unilever N.V.

INSURANCE (2) Allianz Versicherungs, Trade Indemnity, American Gen. Corp.

LEISURE (3) Scottish TV A, Webb (Joseph), SeaCo Inc.

MOTORS (2) Dowty, Lucas Inds.

NEWSPAPERS (1) Home Counties News

PAPER (2) Ogilvy & Mather, Wight Collins

PROPERTY (3) Berkeley Group, Land Lease, Intnl. Inc. Property

TEXTILES (1) British Mohair

TOBACCOS (1) Imperial Group

TRUSTS (15) Anglo Scottish Inv., F. & C. Pacific, Border & Southern, First Scot. American, Contnl. & Ind. Trust, Group Investors, Derby Trust Cap., Triplevest Cap., Dualvest Cap., Yeoman Inv.

OILS (1) Royal Dutch Petroleum

OVERSEAS TRADERS (1) Steel Bros.

NEW LOWS (19)

BANKS (1) Allied Irish Banks

STORES (2) Goldberg (A.), Sumrie Clothes

ELECTRICALS (1) Audiotronic

ENGINEERING (2) Haden, Wellman

INDUSTRIALS (5) Dom Holdings, Hewitt (J.), Dominion Intnl., Oy Wartsila AB, Henara

SOUTH AFRICANS (1) Abercom

TRUSTS (2) Akroyd & Smithers, Cambium Venture Cap

OILS (2) Moray Firth

PLANTATIONS (1) Bertam

MINES (3) Grootvlei, West Rand Cons., Simmer & Jack

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

[illegible]

OPTIONS

Stocks favoured for the call included Bats, Eglinton Oil and Gas, DRG, Bryson Oil, Davy Corporation, Marley, Combined Technologies, Dunlop and Heggett Bowers. A put was done in AIM, while doubles were arranged in Midland Bank, Birmid Qualcast, Dunlop and Eglinton Oil and Gas.

First Dealings	Last Dealings	Last Declaration	For Settlement
Sept 10	Sept 21	Dec 6	Dec 17
Sept 24	Oct 5	Dec 20	Dec 31
Oct 8	Oct 19	Jan 3	Jan 14

For rate indications see end of Share Information Service

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Baggeridge Brick	166	+12
Bowater Inds	173	-2
Brammer	260	-10
Bryson Oil and Gas	305	+25
Delta Group	89	-3
Hambro Life	438	—
Legal and General	515	-5
Prudential	478	-22
Refuge Assurance	495	-4
Rowntree Mackintosh	344	+14
Tricentrol	203	—
Ward White	147	+11

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Thurs close	Day's change
Marley	12	81	+6
NatWest Bk N	12	470	—
Reckt & Clmn	11	525	-20
Unilever	11	234	+12
VG Instrmnts	10	238	-8
BTR	10	484	[illegible]
Bunzl	10	307	-1
Shell Trans	10	650	+7
BP	10	498	-3
Com Union	9	184	-2
Dowty	9	180	+9
Royal Ins	8	455	+5
Stylo	8	125	+7
RTZ	8	593	+3
STC	8	282	+2

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	83	2	19
Corpns. Dom. and Foreign Bonds	29	8	49
Industrials	248	200	864
Financial and Props.	125	99	276
Oils	8	22	47
Plantations	1	6	14
Mines	26	61	101
Others	85	29	97
Totals	604	385	1,567

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$330	62	6.50	7	16.30	—	—	$337.50
GOLD C	$375	35	3	20	9.50	—	—	
GOLD C	$400	3	2	85	6	—	—	
GOLD P	$325	65	4	—	—	—	—	
GOLD P	$350	83	13	—	—	4	18	
GOLD P	$375	35	37	—	—	4	37	
[illegible]								

TOTAL VOLUME IN CONTRACTS: 33,621

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
B.P. (*478)	390	110	112	182	2	[illegible]	[illegible]
	420	86	83	95	3	8	[illegible]
	460	40	52	60	8	17	[illegible]
	500	18	28	38	23	35	[illegible]
	560	4	18	—	58	70	[illegible]
Cons Gold (*494)	460	42	60	07	8	18	[illegible]
	500	18	35	46	32	42	[illegible]
	550	7	26	24	77	85	[illegible]
	600	8	8	—	117	125	[illegible]
	650	1½	8	—	167	170	[illegible]
Courtaulds (*128)	110	15	18	21	3	4	[illegible]
	120	8	11	14	4½	7	[illegible]
	130	3½	7	9	11	13	[illegible]
	140	1½	4	—	20	21	[illegible]
[illegible]							

Sept. 13. Total Contracts 4,071 Calls 3,081. Puts 990.

* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
105½	101⅝	Treas. 15pc 1985	101⅞	+⅛	14.72	10.32
102¼	100	Exch. 12pc Cnv. '85	101	+⅛	11.88	10.89
95⅛	93	Treas 3pc 1985	95	+⅛	3.16	10.63
102⅝	99½	Treas 11½pc 1985	100	......	11.44	10.69
99¼	96	Treas 8¾pcCnv '85	98	+⅛	0.91	10.76
104	99⅞	Exch. 12¼pc 1985	101	......	12.11	11.04
103	99	Exch. 11¼pc '86	100	+⅛	11.64	10.97
102	96	Treas. 10pcCnv 1986	98	+⅛	10.17	11.20
91	88⅛	Treas 3pc 1986	90	......	3.30	8.92
102	96	Exch. 10½pc Cv '86	98	+⅛	10.62	11.21
104	99	Treas 12pc 1986	100	+⅛	11.89	11.34
98¼	93½	Treas 8½pc 1984-86‡‡	95	......	8.88	11.15
106	102	Exch. 14pc 1986	104	+⅛	13.40	11.51
87⅛	85	Exch. 2½pc 1986	86	......	2.88	9.25
107	100	Exch. 13¼pc 1987	103	+⅛	12.82	11.51
100¼	94	Treas 10¼pcCv '87	97	+⅛	10.53	11.49
86½	83⅛	Exch 2½pc 1987	85	......	2.92	9.18
101	94	Exch. 10½pc 1987	97	+⅛	10.73	11.51
92	87	Funding 6½pc '85-87‡‡	89	+⅛	7.25	11.14
99	92	Treas. 10pc 1987	96	+⅛	10.40	11.57
85	81	Treas 3pc 1987	83	......	3.58	9.63
105	97	Treas. 12pc 1987	100½	+⅛	11.94	11.76
94	87	Treas 7¾pc 1985-88‡‡	89	−⅛	8.62	11.43
106	96	Exch 10½pc '88	96	+⅛	10.88	11.68
98	89	Treas 9¾pc Cv '88	94	+⅛	10.36	11.71
92	77	Transport 3pc '78-88	78	−⅛	1.82	9.93
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

1984 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

1984 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Undated

1984 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Index-Linked

1984 High	Low	Stock	Price £	+ or −	(1)	(2)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CORPORATION LOANS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LOANS

Building Societies

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Public Board and Ind.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Financial

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOREIGN BONDS & RAILS

1984 High	Low	Stock	Price £	+ or −	Div % Gross	Red. Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS

1984 High	Low	Stock	Price £	+ or −	Div Gross	Cvr	Yld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BANKS, HP & LEASING

1984 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Hire Purchase, Leasing, etc.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BEERS, WINES & SPIRITS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BEERS, WINES—Cont.

1984 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHEMICALS, PLASTICS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DRAPERY AND STORES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DRAPERY & STORES—Cont.

1984 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ELECTRICALS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ENGINEERING

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ENGINEERING—Continued

1984 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOOD, GROCERIES, ETC

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

HOTELS AND CATERERS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

HOTELS—Continued

1984 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INDUSTRIALS (Miscel.)

1984 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

هكذا اصف التوصيل

INDUSTRIALS—Continued

1984 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
95	65	Markey	81	.....	†3.2	2.5	3.6	9.1
58½	40	Marling Ind. 10p	52½	.....	d3.0	5.6	3.5	6.2
46	29	Marshall L'sy. 'A'	39	.....	1.2	3.6	4.4	(7.0)
*94	37	Marshall's Univ	48	.....	†1.75	—	5.2	14.4
30	20	Martin-Black	22	.....	—	—	—	—
£108	£88	♦Mathesons 7¾%	£95	.....	Q7¾%	2.3	f8.2	—
378	287	Metal Box £1	336	.....	15.0	3.0	6.4	5.7
220	129	Metal Closures	160	.....	6.3	2.3	5.7	(8.8)
27	13	♦Metal Sciences 2½p	16	+1	—	—	—	—
19	8	Metamec Jentique	10¼	.....	0.01	—	—	—
133	83	♦Midland Marts	95	.....	4.0	1.8	6.0	12.0
64½	45	Mitchell Cotts	57½	.....	3.62	1.8	0.9	(15.4)
29	13	Molben Grp 1p	13	.....	0.5	2.5	5.5	(8.2)
168	132	Morgan Crucible	162	.....	7.5	1.2	6.6	(16.8)
18½	13½	♦Morris (W) Fine Arts	17	.....	bg0.25	4.0	2.1	15.6
*95	80	Moss (Robt.) 10p	92	−1	2.5	2.9	3.9	11.2
338	197	♦NMW Computers	290	+13	6.0	3.0	3.8	16.2
65	45	Nash Inds.	50	.....	4.0	2.2	11.4	5.8
47	30	Neill&Sp'ncer10p	36	.....	—	—	—	15.5
33	16	Newman Industs	20	.....	—	—	—	(11.3)
31	16½	Do. 10pc Cm. Cov. Pf.	21	+½	10%	—	6.8	—
67	43½	Nolton	45	.....	1.0	2.9	3.2	15.8
175	132	Norcros	160	+2	7.5	2.4	6.7	8.4
86	59	Nu-Swift 5p	65	.....	—	—	—	12.7
100	50	Oakwood Grp.	70	.....	†d6.5	—	‡	—
190	145	Office & Elect.	165	.....	7.5	2.8	6.6	7.5
875	700	Oriflame Intl SA	775	.....	Q530	2.3	5.3	8.6
46	25	Ovenstone 12½c	27	.....	Q4.5c	2.2	8.5	5.3
£146	£120	Ozalid Fin. Cv.	£134	+1	Q9%	—	6.9	—
190	155	♦PCT Grp 10p	155	.....	bg4.8	♦	4.5	♦
£12½	£10½	PLM 'B' SA 25	£10½	.....	Q20%	—	4.4	7.1
62	45	♦Pacific Sales 10p	46	.....	b2.4	2.3	7.6	(6.8)
207	148	Parker Knoll 'A'	157	.....	8.5	3.0	7.7	5.9
265	197	Pauls	225	.....	8.5	2.8	5.4	8.2

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

1984 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's
		Central African					
280	143	Falcon Z50c	150	.....	Q100c	♦	38.9
17	10	Wankie Col. Z$1	10	.....	—	—	—
21	14	Zam.Cpr SBD0.24	16	.....	—	—	—
		Australians					
45	23	♦ACM 50c	26	.....	—	—	—

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

OPTIONS — 3-month call rates

"Recent Issues" and "Rights" Page 39

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

FT UNIT TRUST INFORMATION SERVICE

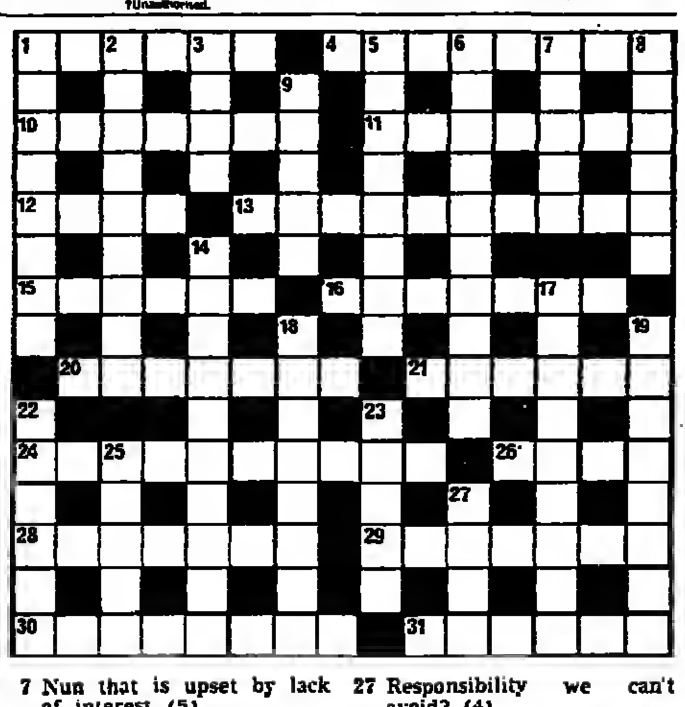
AUTHORISED UNIT TRUSTS

[illegible]

INSURANCES

[illegible]

F.T. CROSSWORD PUZZLE No. 5,517



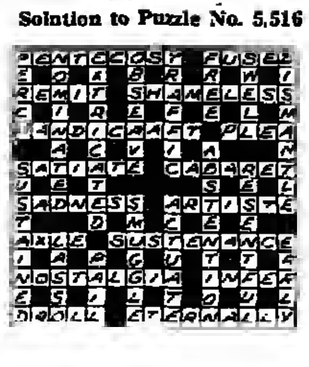
ACROSS

1 Up-to-date design centre (6)
4 Continues to make money (8)
10 Subordinate theme (7)
11 Money fine can upset (7)
12 Producers of light skates? (4)
13 Dominant reason for saddle-soreness (10)
15 I'm getting information about love from her (6)
16 Horsefly? (7)
20 Unusually angered and upset (7)
21 He advises the hands to get a rise (6)
24 Is she higher than a footman? (10)
26 Skills he requires to make a suit (4)
28 How Shakespeare wrote or just the opposite (7)
29 Frankness and love seen in a dog (7)
30 Not in one's own interest (8)
31 Fly from a mixed double set (6)

DOWN

1 Control shown as others fall (8)
2 Snug quarters for young foxes? (5-4)
3 You want to be in it (4)
5 Shaped up again — to a more moral life? (9)
6 Potential MPs outspoken over unsettled seat (10)
7 Nun that is upset by lack of interest (5)
8 Transport left in plant (6)
9 Two ways to break in (5)
14 One all a-flutter about Real Madrid (3, 7)
17 Above all, an absolute majority is required (9)
18 A most unfair condition (8)
19 Soft substitute for jam (8)
22 So rich a blend of voices (6)
23 The length a boxer will go to (5)
25 Book for a boy about five (5)
27 Responsibility we can't avoid? (4)

Solution to Puzzle No. 5,516



هكذا من الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

Liberty Life Assurance Co Ltd
Station Rd, New Barnet 01-440 8210
Fund Managers, Touche Remnant & Co.

Nat Sec N	23.3	24.6		—
Blue Chip	[illegible]	20.6		—
Fixed Value	10.5	14.5		—
Guaranteed May	15.6	16.5		—
Managed	18.6	19.6		—
International	25.0	26.4		—
Property	15.4	16.3		—
Pacific	19.3	20.4		—
Equity	14.8	15.6		—
Special Sits	21.4	22.6		—
Int Currency	13.4	14.2		—
Index Linked Secs	10.5	11.1		—
American	19.4	20.5		—

Life Assur. Co. of Pennsylvania
8, New Rd, Chatham, Kent. Medway 812348

LACOP Units	13.49	14.17		—

Lloyds Life Assurance
20, Clifton St, EC2A 4HX. 01-920 0202

Multi Gwth Sept 0	£2.78426			—
Multi Gwth 'A' Sept 6	254.8	268.3		—
Op 8 Prop Sept 6	262.2	276.1		—
Op 8 Equity Sept 12	321.0	337.9		—
Op 8 Hy Sept 0	258.0	271.6		—
Op 8 Man Sept 0	312.4	328.9		—
Op 8 Dep Sept 12	196.2	206.5		11.74
Op 8 Int Bond Sept 0	169.1	170.0		—
Op 8 Inc Dist Sept 8	134.9	142.0		8.90
Op 8 Int Man Sept 8	182.7	192.4		—
Op 8 US$ Sept 6	141.0	148.3		12.32
Pens 8 Pr Ac Aug 31	310.5	326.4		—
Pens 8 Eq Ac Aug 31	871.5	917.4		—
Pens 8 FI Ac Aug 31	374.4	394.2		—
Pens 8 Md Ac Aug 31	542.9	570.9		—
Pens 8 Dp Acc Aug 31	307.4	323.6		—
PensBGart Glob Aug 31	98.7	103.9		—
Pens 8 Gart NA Aug 31	106.0	111.6		—
PensBGart Pac Aug 31	95.0	100.1		—

For Pensions Capital Units please ring extension 519.

National Provident Institution
48, Gracechurch St, EC3P 3HH. 01-623 4200

Managed	180.0	189.5	+0.4	—
UK Equity	190.4	200.5	+0.4	—
Overseas Eq	181.5	191.1	+1.2	—
Americas	186.4	196.8	+0.6	—
Far East	170.0	179.0	+1.8	—
Property	110.4	116.3	-0.1	—
Fixed Int	155.4	164.2	+0.4	—
Indexed Gilt	96.9	102.0		—
Deposit	111.7	117.6		—

Pension Fund Prices

Man. Initial	179.5	189.0	+0.3	—
Man Acc	197.6	208.0	+0.4	—
UK Eq. Initial	179.0	188.5	+0.3	—
UK Eq	194.3	204.6	+0.4	—
Overseas Eq Initial	201.4	212.0	+1.1	—
Overseas Eq	228.9	241.0	+1.3	—
Americas Initial	201.0	211.6	+0.7	—
Americas	218.9	230.5	+0.8	—
Far East Initial	211.6	222.8	+2.4	—
Far East	231.1	243.3	+2.6	—
Prop. Initial	105.5	111.1	-0.1	—
Prop	114.9	121.0	-0.1	—
Fixed Int. Initial	139.6	147.0	+0.4	—
Fixed Int.	151.7	159.7	+0.4	—
Indexed Gilt Initial	91.6	96.5		—
Indexed Gilt	99.9	105.2		—
Deposit Initial	110.3	116.2	+0.1	—
Deposit	120.6	127.0		—

NPI Pensions Management Ltd.

Managed Fund	485.0	497.4		—

Prices Sept 3. Next dealing October 1.

New Zealand Ins. (UK) Ltd
Maitland House, Southend SS1 2JS 0702 62955

Kiwi Key Managed	335.0	345.4		—
UA Equity	147.7	155.5	+0.2	—
American	249.0	262.1	-0.6	—
Pacific	344.1	362.2	+0.2	—
Property	150.7	158.7	+0.2	—
Gilt	171.5	180.6	+0.6	—
High Inc. Equity	241.2	248.4	+0.4	—
High Inc. Fxd. Int.	104.5	110.0	+0.4	—
Deposit	147.2	155.0	+0.2	—
Index-Linked Gilt	99.4	104.7		—

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

NOTES

COMMODITIES AND AGRICULTURE

Christmas butter bonus for EEC consumers possible

BY ANDREW GOWERS

THE European Commission is considering whether to ask ministers to make a Christmas gift to consumers of about 100,000 tonnes of cheap butter *from the EEC surplus mountain.*

The move, to be discussed at next Wednesday's commission meeting, is seen by some senior officials as a much-needed political gesture to counteract criticism of its subsidised exports of butter to the Soviet Union and the Middle East.

Whether it proceeds, however, depends largely on agreement being reached on a supplementary Community budget for this year.

Yesterday the European Parliament called for reintroduction of cheap Christmas butter sales, which last took place two years ago.

The commission announced in July that it planned to step up subsidised dairy-product sales with a view to dismantling the costly surplus, which has now reached 1.4m tonnes.

Export sales, however, have been fairly slow this year, according to commission officials, partly because even at subsidised prices the Community cannot compete with New Zealand.

The commission hopes the Soviet Union will buy about 50,000 tonnes of butter this year and that the Middle East will take up to 40,000 tonnes.

There is scepticism in Brussels as to the commercial *sense of a sale of cheap butter* but some officials believe it has promotional value.

Quentin Peel writes: The European parliament yesterday decided to set up a watch-dog committee to check that member-states were not exceeding their milk production quotas, imposed by the EEC to curb surplus dairy output.

The move, which is a significant extension of the parliament's involvement in the policing of agricultural policy, was given the tacit support of the European Commission.

However, another proposal to allow dairy farmers who continue to produce too much milk more time to pay the resulting super-levy was rejected by the commission as unacceptable.

The proposal for a watch-dog committee was made by Mr James Provan, agriculture spokesman of the British Conservative group. He said the commission should report to parliament each month on the implementation of dairy quotas in each member-state.

The British MEPs are worried at the continuing excess production of milk in France, where output was running at about 1.5 per cent above last year's level between April and July—3.5 per cent above the official quota—and in *Italy,* where no regulations have yet been introduced to enforce the new quotas.

Commission officials, however, say French production may fall significantly in the autumn as the effects of its scheme to compensate dairymen for giving up production are felt.

Ministerial boost for London futures

BY JOHN EDWARDS, COMMODITIES EDITOR

LONDON FUTURES markets received a ministerial pat on the back and an assurance of government backing yesterday from Mr Alex Fletcher, Trade Department minister responsible for corporate affairs.

Addressing a future conference for bankers organised by the Grain & Feed Trade Association, he said the Government fully appreciated the important role played by the London futures markets in the City.

He said financial institutions, too should clearly appreciate the activities and contributions made by the futures industry. The markets should continue to thrive supported by a government with a firm belief in their future, he said.

Turning to investor-protection Mr Fletcher said the futures associations had made a substantial contribution to development of the City along honest lines by providing a measure of control in the absence of commodity trading regulations.

"Now we are preparing to move into a new era in which higher standards of regulation *should be seen to be employed,"* he said.

The Trade Department is expected to produce a White Paper on investor-protection by November 30. Meanwhile it has created a department to promote financial services offered by the City.

Futures traders hope this will examine their requests for *fairer* taxation treatment, a revision of the Gaming Act and a lifting of the ban on promoting futures funds.

Mr Fletcher gave the industry hope of concessions when he said the Government was prepared to look at proposals to encourage more individuals to participate in London futures markets.

He noted that a government decision to exempt pension funds from tax on futures transactions had already generated business.

Capital injection for London broker

By Our Commodities Editor

SUNSHINE MINING of Dallas yesterday announced moves to strengthen the position of Sunshine Mining of London, its UK commodity-trading subsidiary.

Mr G. Michael Boswell, parent-company chairman, said it had made a substantial additional capital contribution to its UK subsidiary, hit this year by losses from private investment clients in futures trading.

He said the new capital—believed to be about £2m—would enable the London company to concentrate activities in a relatively few specialised areas dealing with the trader rather than the general public.

"We do not want to be in the business of *selling* pork-bellies futures to widows and orphans," he said.

U.S. weather lifts world cotton crop prospects

By Nancy Dunne in Washington

GOOD cotton-growing weather in the U.S. is boosting world production to record levels, the *U.S. Department of Agriculture* said yesterday.

It estimated world output for 1984-85 at 76.3m bales, nearly 9m above last season. It raised its estimates of U.S. crop prospects to 13.3m bales, a 6 per cent rise from last month.

Excellent U.S. weather is producing record yields of about 615 pounds per harvested acre. The harvest is likely to be more than 70 per cent above last year's when the payment-in-kind programme cut production.

Meanwhile, output outside the U.S. is *forecast* at 63m bales, down 500,000 bales from August's estimates. Adverse weather in the Soviet Union, India and Mexico account for most of the change.

Acreage limit is way to cut grain mountain

Farmer's Viewpoint: by John Cherrington

DETERMINED to avoid a repeat of the chaos caused by the hasty imposition of milk quotas last April, Mr Michael Jopling, the British Minister of Agriculture, is looking for other ways of restricting the embarrassing growth of the EEC cereal surplus.

He has emphasised his dislike of physical restrictions, such as acreage set aside, in favour of what he calls price restraint. This could mean anything from maintaining a level price and allowing inflation to take its course in reducing real prices, or arbitrarily reducing prices.

He is not the first to adopt this course. Lord Soames, his distinguished predecessor, initiated what were called the standard quantities for most farm products in the early 1960s.

These limited government support, through the deficiency payments system, to a certain *quantity of production applied* to the farming industry as a whole. If the production exceeded the SQ and therefore farmers' price returns, were effectively reduced.

Returns to farmers were certainly kept in check. Between 1958-59 and 1969-70 inclusive, the average return to farmers, market price and deficiency payment combined, averaged £26.83 a tonne for wheat.

In that time it fell from £28 a tonne to a low of £24.55 in the mid-1960s and had only risen to £29 a tonne to a low of £24.55 in the mid-1960s and had only risen to £29 a tonne in 1969-70, the final year. Barley prices actually ran at a slightly higher level throughout.

The important point here is that total cereal output rose from 9.260m tonnes to 13.352m tonnes in the period. This was a 44 per cent rise in a period of virtual price stagnation, even of a lowering of prices.

As a cereal-deficit country the advantage to Britain was that it *was able to reduce imports.* Also, the livestock industry benefited from ample supplies of cheap grain because it was sold at a market-price based on demand and not on an intervention price as under today's CAP rules.

This output rise came partly from improved yields and from an extension of acreage sown to cereals by reducing the acreage of temporary grasses in the arable rotation.

I farmed in that period and can say from experience that a farmer's reaction to static cereal prices is to raise output to cut unit costs.

In that period there was a world-wide cereal surplus to which countries reacted in their different ways. Most policies had been based on experiences in the 1930s depression when prices collapsed with little national aid to support them.

The general aim was either to take land out of production to reduce output and so stimulate price rises, or to control deliveries from farms.

The U.S. plumped for what is called a soil bank, or set-aside programme, which paid farmers not to crop a certain proportion of their farms. This worked well and kept surpluses down to an extent. Its efficacy was proved after the Soviet Union bought the U.S. surplus in 1973.

As soon as acreage controls were lifted, production rose again and grain once more came into such surplus as to bring in the payment-in-kind programme last year and new acreage controls today.

In Canada at the same time there were no acreage controls but deliveries to collection-elevators were strictly rationed.

I visited the Prairies at the time. A feature of the scene was the enormous piles of grain *on farms, stored at farmers'* expense, which had been there for two or three years. In Australia, too, delivery quotas were imposed.

In both cases the only outlet for grain, if the farmer needed cash, was to sell it for animal-feed on a sort of black market, sometimes at less than half the price for quota deliveries.

Faced with a record harvest this year and a world cereal glut the U.S. has now reverted to a version of the set-aside system. Instead, however, of paying a farmer to take his land out of production directly, it is based on his entitlement to the fallback guarantee for wheat and maize prices.

He cannot enjoy this price support unless he has agreed not to crop 30 per cent of his arable land. This is apparently succeeding in limiting output and also the Government's liability for price support.

The third alternative is a straight price-cut on all cereals, presumably by reducing the intervention price. If, however, eliminating grain mountains is the object of the exercise, it is worth finding out just how much of a cut would be needed to reduce output significantly.

In the 1930s grain prices had to fall by nearly 50 per cent to have any effect on production in countries like Australia where there was no direct support.

If the EEC is seriously looking for a cut in cereal output, some form of acreage limitation would seem to be the only way.

MAIZE AND soyabean prices were sharply down in early dealings yesterday on the *Chicago Board of Trade* in the wake of the U.S. Department of Agriculture's crop production report published on Wednesday night, writes Nancy Dunne in Washington.

Traders, however, were mostly waiting for the department to "drop the other shoe" with its supply-demand report, due out late yesterday.

The hot, dry weather in parts of the U.S. farm belt last month cut the department's estimates for both maize and soyabeans. But traders had expected even larger reductions.

The department cut its soyabean output estimate to 2.03bn bushels, down 1 per cent only from the August estimate. It forecast maize *output* at 7.55bn bushels, down 2 per cent from last month.

In early trading November soyabeans were down 29 cents a bushel to $6.05. Traders said more bearish news about this year's exports in the supply-demand report could send beans down still more to $5.60 to $570 a bushel.

On the London futures market December delivery soyabean meal was down £3.10 at £133.65 a tonne.

The higher-than-expected maize figures made less likely a strong 1984 acreage-cut programme. That decision is expected today from Mr John Block, Agriculture Secretary, who will base his decision on projections in last night's estimate.

In the world crop-production report issued on Wednesday the department left virtually unchanged its global coarse-grain estimates of 785m tonnes for 1984-85. Its forecast for world wheat output, however, was raised to a record 500m tonnes, 3 per cent above last year's bumper crop.

The big change in estimates was in EEC production. This rose sharply from last month, most of the rise being French.

Mr Block, who has complained about EEC farm policies for three years, appeared annoyed when told in a briefing that the estimate for Europe had been raised 10m tonnes.

A record French wheat yield of 6.2 tonnes a hectare was forecast. The EEC is now expected to exceed its record wheat production by 21 per cent.

The department also cut its estimate of Soviet grain production to 175m tonnes. It indicated the forecast was likely to drop further in the year.

It said Soviet crop quality was poor and there were difficulties harvesting. The remaining crop may soon suffer frost damage, it said. Earlier in the year drought hit many prime Soviet farm areas.

The department is expected to raise its forecast for Soviet wheat imports in the supply-demand report.

PRICE CHANGES

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL PRICES lost ground on the London Metal Exchange following a further rise in the dollar against most major currencies. Tin was an exception

NICKEL

COPPER

SILVER

TIN

LEAD

ZINC

ALUMINIUM

COCOA

COFFEE

GRAINS

PIGMEAT

POTATOES

RUBBER

SOYABEAN MEAL

SUGAR

WOOL FUTURES

COTTON

HIDES

MEAT/FISH

INDICES

FINANCIAL TIMES

REUTERS

MOODY'S

DOW JONES

LONDON OIL

GAS OIL FUTURES

SPOT PRICES

GOLD MARKETS

LONDON FUTURES

EUROPEAN MARKETS

AMERICAN MARKETS

NEW YORK, September 13.

NEW YORK

CHICAGO

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar at record levels

The dollar rose to record levels in currency markets yesterday. There appeared to be no indication of any let up in the dollar's attraction and early attempts to push the dollar weaker on profit taking soon met with renewed buying. It reached a record high against sterling, the French franc, Italian lira and most Scandinavian currencies and touched an 11½ year high against the D-mark.

The absence of any obvious alternative to the dollar and indications that U.S. economic statistics due for release today will show slightly slower but continued economic growth, pushed the dollar to DM 3.0390 against the D-mark compared with Wednesday's close of DM 2.9970 and SwFr 2.5130, a 7½ year high and up from SwFr 2.4890 on Wednesday. It was also higher against the yen at Y245.55 from Y244.90 and finished at a record FFr 9.3150 from FFr 9.1950. On Bank of England figures, the dollar's trade weighted index finished at an all time high of *140.8 compared with 139.9.*

STERLING—Trading range against the dollar in 1984 is 1.4905 to 1.2680. August average 1.2810. Trade weighted index 77.9 against 78.0 at noon and 77.9 in the morning and compared with 78.0 on Wednesday and 80.9 six months ago.

Sterling fell to a record closing low of $1.2680 against the dollar, a fall of 1.2c from Wednesday's close. During the day it touched an all time trading low of $1.2660. This was mainly a reflection of the dollar's strength however and against the D-mark, the pound rose to DM 3.8500 from DM 3.8350, its best level for four months. It *was also* higher against the French franc at FFr 11.8075 from FFr 11.7800 and SwFr 3.1875 compared with SwFr 3.1850. It was weaker against the yen however at Y311.75 from Y313.50.

D-MARK — Trading range against the dollar in 1984 is 3.0390 to 2.5535. August average 2.8833. Trade-weighted index 121.2 against 127.9 six months ago.

The D-Mark was weak at the Frankfurt fixing, losing ground to most major currencies, including the dollar. The U.S. unit was fixed at another 11½-year high of DM 3.0272 compared with DM 2.9923 previously, rising to the highest level since February 9, 1973. There was no sign of intervention by the Bundesbank on the open market, but the central bank sold $56.6m at the fixing, as the dollar advanced above an important support point of DM 3.0250, but met resistance at DM 3.0280. According to dealers in Frankfurt the market was disappointed by the strength of the dollar overnight in New York, forcing covering of short positions. Last night's money supply figure was expected to be little changed and have almost no impact.

FRENCH FRANC — Trading range against the dollar in 1984 is 9.3150 to 7.99. August average 8.8533. Trade-weighted index 64.0 against 67.3 six months ago.

The French franc fell to a record low against the dollar at the Paris fixing, and showed mixed changes against other currencies. The dollar rose to an all-time peak of FFr 9.2825 from FFr 9.1850, but the D-mark eased slightly to FFr 3.0685 from FFr 3.0686, and the Dutch guilder to FFr 2.7213 *from* FFr 2.7216. The Belgian franc rose to FFr 15.2505 per 100 francs from FFr 15.25, and the lira to FFr 4.9855 per 1000 lira from FFr 4.9840. Outside the EMS the pound improved to FFr 11.7990 from FFr 11.7540, but the Swiss franc eased to FFr 3.7033 from FFr 3.7035.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu September 13	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.2037	+0.87	+0.87	±1.5447
Danish Krone ...	8.14104	8.13681	−0.05	−0.05	±1.6425
German D-Mark	2.24184	2.24607	+0.19	+0.19	±1.0642
French Franc ...	6.87456	6.89271	+0.26	+0.26	±1.4062
Dutch Guilder ...	2.52595	2.53203	+0.24	+0.24	±1.4964
Irish Punt	0.72569	0.724986	−0.10	−0.10	±1.6689
Italian Lira	1403.49	1382.26	−1.51	−1.51	±4.1505

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York

	Sept. 13	Prev. close
Spot	$1.2695-2705	$1.2770-2780
1 month	0.10-0.13 dis	0.11-0.14 dis
3 months	0.35-0.50 dis	0.36-0.40 dis
12 months	2.20-2.30 dis	2.52-2.55 dis

Forward premiums and discounts apply to the U.S. dollar.

THE POUND SPOT AND FORWARD

Sept 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2660-1.2710	1.2675-1.2685	0.10-0.13c dis	−1.08	0.36-0.41dis	−1.21
Canada	1.66½-1.67½	1.6655-1.6675	0.16-0.22c dis	−1.33	0.60-0.70dis	−1.56
Nethlnd.	4.3233-4.3435	4.33½-4.34	1.57-1.52c pm	4.27	4.61-4.55 pm	4.22
Belgium	77.19-77.55	77.40-77.50	6-4c dis	−0.77	18-14 dis	−0.83
Denmark	13.9150-13.96	13.93-13.94	¾-1¾ore dis	−1.07	¾-2¼ dis	−0.43
Ireland	1.2392-1.2430	1.2415-1.2425	0.12-0.30c dis	−2.03	0.58-0.84dis	−2.28
W. Ger.	3.83½-3.85¼	3.84-3.86	1.55-1.52pf pm	4.75	4.63-4.58 pm	4.78
Portugal	198.40-199.75	198.45-199.25	240-595c dis	−2.10	585-1530dis	−2.10
Spain	215.40-216.20	215.50-215.70	235-635c dis	−24.21	695-1665dis	−21.89
Italy	2,358½-2,370¼	2,337-2,338	7-9 lire dis	−4.10	24-27 dis	−4.53
Norway	10.85-10.90	10.87½-10.88	2½-3½ore dis	−3.04	7¼-8¼ dis	−2.96
France	11.773-11.823	11.80½-11.81	par-¼c dis	−0.28	1½-2¼ dis	−0.72
Sweden	10.88-10.90	10.87½-10.88	2½-3½ore dis	−3.30	7⅛-¼ dis	−2.06
Japan	311.05-312.68	311½-312	1.10-1.02y pm	4.08	3.23-3.13 pm	4.08
Austria	26.90-27.10	27.02-27.07	9½-8gro pm	3.88	25-21½ pm	3.44
Switz.	3.17½-3.19	3.18½-3.19	1.40-1.30c pm	5.08	4.16-4.05 pm	5.14

Belgian rate is for convertible francs. Financial franc 77.85-77.95. Six-month forward dollar 0.81-0.96c dis, 12-month 2.20-2.35c dis.

THE DOLLAR SPOT AND FORWARD

Sept 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2660-1.2710	1.2675-1.2685	0.10-0.13c dis	−1.08	0.36-0.41dis	−1.21
Ireland†	1.0202-1.0255	1.0202-1.0212	0.09-0.02c pm	0.04	0.28-0.18 pm	0.94
Canada	1.3148-1.3160	1.3155-1.3160	0.02-0.04c dis	−0.27	0.10-0.13dis	−0.34
Nethlnd.	3.4080-3.4190	3.4180-3.4190	1.67-1.52c pm	5.44	4.61-4.55 pm	5.37
Belgium	60.78-61.10	61.00-61.10	6-4c pm	0.98	18-14 pm	1.05
Denmark	10.94½-11.00¼	10.96-11.04	1.00-0.90ore pm	0.82	3.00-2.50pm	10.04
W. Ger.	3.0150-3.0390	3.0385-3.0395	1.56-1.53pf pm	6.13	4.65-4.60 pm	5.12
Portugal	156.40-157.30	156.70-157.20	150-450c dis	−22.97	400-1150dis	−18.78
Spain	169.75-170.10	169.90-170.10	30-40c dis	−2.47	80-110 dis	−2.35
Italy	1,859½-1,872	1,862-1,872	4.30-4.80 lire dis	−2.93	14-15 dis	−3.11
Norway	8.53-8.63	8.53-8.63	1.00-1.30ore dis	−1.51	3.00-3.30dis	−1.47
France	9.26½-9.31½	9.31¼-9.31½	0.70-0.40c pm	0.71	1.35-0.90 pm	0.46
Sweden	8.43-8.63	8.53-8.63	1.00-1.20ore dis	−1.54	3.00-3.20dis	−1.44
Japan	245.20-246.00	245.50-245.60	1.08-1.05y pm	5.20	3.29-3.25 pm	5.33
Austria	21.22¼-21.30	21.28-21.30	8.70-8.20gro pm	4.78	25½-23½ pm	4.51
Switz.	2.4965-2.5140	2.5120-2.5140	1.45-1.40c pm	5.82	4.27-4.21 pm	5.77

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 61.40-61.50.

OTHER CURRENCIES

Sept. 10	£	$		£ Note Rates
Argentina Peso...	103.43-103.65	81.43-81.55	Austria	26.85-27.15
Australia Dollar	1.5280-1.5300	1.2030-1.2040	Belgium	77.75-78.55
Brazil Cruzeiro...	2,751-2,767	2,166-2,177	Denmark	13.87-14.00
Finland Markka...	7.9438-7.9548	6.2650-6.2670	France	11.74-11.86
Greek Drachma...	150.90-151.30	118.65-119.15	Germany	3.83-3.86
Hong Kong Dollar	9.9570-9.9670	7.8620-7.8650	Italy	2345-2375
Iran Rial	117.04*	91.90*	Japan	310-315
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* Selling rates.

CURRENCY MOVEMENTS

Sept. 13	Bank of England Index	Morgan Guaranty Changes%
Sterling	77.9	−12.0
U.S. dollar	140.9	+57.5
Canadian dollar	90.1	−3.4
Austrian schilling	111.5	+3.4
Belgian franc	89.0	−11.0
Danish Kroner	70.0	−9.9
Deutsche mark	121.2	+5.9
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Sept. 13	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.787062	0.584151
U.S. $	8	1.00012	0.748749
Canadian $	12.39	•	0.977457
Austria Sch.	4½	21.2685	15.7760
Belgian Fr.	11	60.2798	45.9037
Danish Kr.	7	10.9588	8.13681
D'mark	4½	3.02756	2.24607
Guilder	5	3.41041	2.52803
[illegible]	[illegible]	[illegible]	[illegible]

* CS/SDR rate for Sept 12: 1.31983

EXCHANGE CROSS RATES

Sept. 13	Pound Sterling	U.S. Dollar	Deutsche m'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EURO-CURRENCY INTEREST RATES (Market closing rates)

Sept. 13	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FINANCIAL FUTURES

Prices firm

Prices were generally firmer on the London International Financial Futures Exchange yesterday, buoyed by the strength of Chicago futures markets, and by a slight decline of the Federal funds overnight rate in New York.

The market was expecting a slight fall in weekly U.S. M1 money supply growth, and also anticipates that today's figures on U.S. industrial production, retail sales and producer prices will point to slower economic growth, and to little immediate problem as far as inflation is concerned.

Three-month Eurodollar deposits for December delivery opened at 88.31, near the day's low of 88.30, and after touching a high of 88.40, closed at 88.38 compared with the previous settlement of 88.26.

Advances in U.S. cash and futures markets also underpinned U.S. Treasury bond futures on Liffe, particularly the early improvement in the long bond. December Treasury bonds opened at 66-26, again almost at the day's low of 66-25, and after reaching 67-11 closed at 67-06 compared with 66-23 on Wednesday.

Gilts for December opened weaker at 105-30, reflecting concern at sterling's decline against the dollar, but with the pound improving against Continental currencies, the cash market holding steady, and hopes continuing of a settlement to the pits dispute, the contract closed at 106-01, against 105-24 previously.

Three-month sterling deposit futures showed little change, in line with the lack of movement on the London money market.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Dec	88.38	88.40	88.30	88.26
March	88.04	88.05	87.95	87.91
June	87.76	87.76	87.69	87.62
Sept	87.53	87.48	87.47	87.40

Estimated volume 2,676 (3,189)
Previous day's open int 10,372 (10,400)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
Dec	88.93	89.99	89.87	89.92
March†	89.75	89.82	89.73	89.75
June†	89.60	89.67	89.55	89.58

Estimated volume 1,225 (875)
Previous day's open int 6,079 (5,988)
1 £500,000 points of 100%

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Sept	106-21	106-31	106-10	106-10
Dec	106-01	106-13	105-15	105-24
March	105-12	—	—	105-03
June	105-01	105-01	104-28	104-24
Sept	108-05	—	—	107-28

Estimated volume 2,603 (2,200)
Previous day's open int 2,821 (2,857)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) par to 08 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.2705	1.2760	1.2699	1.2825
March	1.2760	1.2809	1.2760	1.2880

Estimated volume 465 (1,686)
Previous day's open int 3,053 (3,901)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3344	0.3364	0.3341	0.3388
March	0.3391	—	—	0.3433

Estimated volume 56 (54)
Previous day's open int 176 (165)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Dec	0.4048	0.4050	0.4048	0.4083

Estimated volume 4 (3)
Previous day's open int 440 (440)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Dec	0.4121	—	—	0.4137

Estimated volume nil (nil)
Previous day's open int 427 (427)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
Sept	108.45	109.90	108.45	109.40
Dec	109.35	109.90	109.35	109.50
March	109.35	—	—	109.50

Estimated volume 898 (882)
Previous day's open int 1,214 (1,111)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	67-30	68-00	67-28	67-15
Dec	67-06	67-11	66-25	66-23
March	66-18	—	—	66-02

Estimated volume 1,009 (1,044)
Previous day's open int 1,274 (1,095)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	67-27	68-01	67-23	67-14
Dec	67-06	67-11	67-00	66-24
March	66-19	66-24	66-15	66-05
June	66-02	66-06	65-31	65-22
Sept	—	65-24	65-18	65-08
Dec	65-10	65-10	65-07	64-30
March	—	65-02	64-30	64-20
June	64-21	64-29	64-21	64-11
Dec	—	—	—	63-28
March	63-31	63-31	63-31	63-22

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	89.79	89.82	89.76	89.76
Dec	89.63	89.66	89.59	89.53
March	—	89.28	89.23	89.13
June	—	88.98	88.94	88.83
Sept	—	88.72	88.68	88.58
Dec	38.50	88.53	88.50	88.39
March	—	88.36	88.33	88.23
June	88.17	88.22	88.17	88.09

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	88.56	88.60	88.54	88.55
Dec	—	88.52	88.46	88.38
March	88.13	88.18	88.11	88.01
June	87.82	87.90	87.81	87.71

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	88.15	88.19	88.15	88.16
Dec	88.10	88.14	88.06	87.93
March	87.74	87.79	87.70	87.59
June	—	87.52	87.41	87.29
Sept	87.20	87.29	87.17	87.05
Dec	86.89	87.07	86.89	86.82

STERLING (IMM) $s per £

	Latest	High	Low	Prev
Sept	1.2725	1.2730	1.2660	1.2750
Dec	1.2760	1.2765	1.2695	1.2785
March	1.2830	1.2830	1.2780	1.2850
June	1.2900	1.2900	1.2830	1.2920

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	66-29	67-08	66-28	67-02
Dec	66-18	66-28	66-10	66-17
March	65-24	65-29	65-24	65-22
June	—	65-01	64-31	64-28
Sept	—	—	—	64-08
Dec	—	—	—	63-23

MONEY MARKETS

UK rates ease slightly in quiet trading

Interest rates were slightly easier where changed in London yesterday in rather dull and featureless trading. Sterling's fall to record levels against the dollar was viewed as part of an overall scene which showed the pound improving against European currencies and showing little overall change in terms of its trade weighted index.

A continuation of talks between the National Union of Mineworkers and the Coal Board kept alive hopes of an early settlement while the current dispute involving dock workers failed to have any significant effect.

There appeared to be little incentive to place head on the interest rate front and this was

UK clearing banks' base lending rate 10½ per cent (since August 20)

reflected in the yield structure which was virtually flat from one-month to one year. Three-month interbank money was quoted at 10 11/16-10 13/16 per cent unchanged from Wednesday while three-month eligible bank bills were bid at 10½ per cent, also unchanged from Wednesday. Overnight interbank money traded between a high of 11½ per cent and a low of 2 per cent.

The Bank gave assistance in the morning of £169m, comprising purchases of £155m of eligible bank bills in band 2 (15-33 days) at 10⅜ per cent and £4m in band 3 (34-63 days) at 10 5/16 per cent and in band 4 (64-91 days) it bought £10m of eligible bank bills at 10¼ per cent. Additional assistance in the afternoon comprised purchases of £30m of eligible bank bills in band 2 at 10⅜ per cent and £5m in band 3 at 10 5/16 per cent. In band 4 it bought £6m of eligible bank bills at 10¼ per cent. It also provided late assistance of £110m, making a total of £320m.

The Bank of England forecast a shortage of around £350m with factors affecting the market including maturing assistance and a take-up of Treasury bills together draining £334m and the unwinding of previous sale and repurchase agreements a further £10m. There was also a rise in the note circulation of £30m and banks brought forward balances £50m below target. On the other hand, Exchequer transactions added £70m.

MONEY RATES

Sept. 13	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lombard	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Intervention	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Sept. 13 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	Disc't Mkt Deposits	SDR Linked Deposits	ECU Linked Deposits
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ECGD Fixed Rate Export Finance Scheme IV: Average Rate of interest period August 8 to September 4 1984 (inclusive): 10.808 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 11½ per cent from September 1 1984. London and Scottish Clearing Bank Rates for lending 10½ per cent. London Deposit Rate for sums at seven days' notice 7¼-7½ per cent. Treasury Bills: Average tender rates of discount 9.9324 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 11 per cent; one-three months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; nine-12 months 11 per cent. Under £100,000 10¼ per cent from September 12. Deposits held under Series 5 10¼ per cent. The rates for all deposits withdrawn for cash 7 per cent.

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. September 13)

3 months U.S. dollars	
bid 11 3/4	offer 11 7/8

6 months U.S. dollars	
bid 12	offer 12 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	13
Broker loan rate	12½-12¾
Fed funds	11⅛
Fed funds at intervention	[illegible]

Treasury Bills

One month	10.10
Two month	10.35
Three month	10.35
Six month	10.75
One year	[illegible]

Treasury Bonds

Two year	[illegible]
Three year	[illegible]
Four year	[illegible]
Five year	[illegible]
Seven year	[illegible]
10 year	[illegible]
30 year	[illegible]

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The Table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, September 12, 1984. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions. Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of September 12 at 11.00 a.m.
3 months: 11½ 6 months: 12¼

ECU=$US0.74997 SDR1=$US1.0039
Sibor as of September 12 at 11.00 a.m.
3 months: 11½ 6 months: 12⅛

COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.50	Grenada	E. Caribbean $	2.70	Paraguay	Guarani (o,c)	240.00
Albania	Lek	7.8957	Guadaloupe	Franc	9.1825		Guarani (d)	433.00
Algeria	Dinar	5.083	Guam	U.S. $	1.00	Peru	Sol (o)	3990.00
Andorra	Fr. Franc	9.1850	Guatemala	Quetzal	1.00	Philippines	Peso (o)	18.00
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

n.a. Not available. (m) Market rate. (c) Commercial rate. (d) Freemarket. (o) Controlled. (f) Financial rate. (h) Non-essential imports. (l) Floating tourist rate. [illegible]

INTERNATIONAL CAPITAL MARKETS

Eurobond market in subdued mood

BY MAGGIE URRY IN LONDON

NEW ISSUE managers in the Eurodollar market spent yesterday placing the paper issued earlier this week rather than adding to the burden. A firmer trend in the New York bond market was not fully followed by Eurodollar bonds, and prices were at best ⅛ better.

BHF Bank bond average		
Sept 13		Previous
100.361		100.354
High	1984	Low
100.361		98.056

Rumours of yet more U.S. corporate deals – from household names – do not help to settle the market.

Yesterday did produce a new Canadian dollar issue for the City of Vienna, lead managed by Morgan Stanley. The C$81.6m proceeds will be swapped. The 10-year issue has a 13¼ per cent coupon and par issue price, and traded within its total fees of 2 per cent, at a discount around 1¾ point to par. Demand was also seen for some of the other recent Canadian dollar issues.

County Bank won the bidding for the much-rumoured Eurosterling floating rate note issue for the Mortgage Bank of Denmark. The 15-year notes have a put option after 12 years, and yield ⅛ per cent over the three month London interbank offered rate. The issue price is par. The sector has been bouyant recently, but dealers regarded the terms as rather tight, and quoted the notes at 99.35-99.40, a discount within the full fees of 69½ basis points, though outside the co-manager's fees.

Seasoned Swiss franc bonds shrugged off the firmer dollar and prices were maintained or slightly better. A SwFr 50m private placement for Sankyo Aluminium was announced by Banca della Svizzera Italiana, which will have warrants to buy the shares. The five-year bonds have an indicated coupon of 4⅛ per cent.

The European Coal and Steel Community is raising SwFr 20m through a three-year private placement lead managed by Soditic. The coupon is 5¼ per cent and the issue price at par.

Soditic also priced Pan American's convertible public issue. The amount is still open – though a minimum of SwFr 50m is expected – but the coupon has been set at 6½ per cent and the conversion premium at 13.9 per cent. Issue price is par.

D-Mark bonds were again improved by up to ¾ point in some issues, though on average the gain was more like ⅛ to ¼ point. Heavy demand was seen for recent issues, with the Manitoba issue trading close to par.

Euratom is raising Lux Fr 600m through a public issue of 12-year bonds, with a 10¼ per cent coupon. Banque Internationale à Luxembourg set the issue price at par.

● Mr James Best has left Credit Suisse First Boston, where he worked on Eurobond syndication, to join First Chicago. He will head First Chicago's international securities group.

OVER-THE-COUNTER

Stock | Sales (Hnds) | High | Low | Last | Chng

Continued from Page 38

[illegible]

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for September 13.

U.S. DOLLAR STRAIGHTS; DEUTSCHE MARK STRAIGHTS; SWISS FRANC STRAIGHTS; YEN STRAIGHTS; OTHER STRAIGHTS; FLOATING RATE NOTES; CONVERTIBLE BONDS

[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Nissan Motor 5¾ 98	4/83	789	91⅞	92¾	0	9.85
Ono Pharm'cal Co 3¼ 98	3/84	9488	†120	121	−1	27.58
Orient Leasing 5⅛ 86	8/83	2888	123¾	124¾	−0⅛	−3.86
Secom 5 98	11/83	2928	†186	187	+2	1.89
Sekisui House 3 89	6/84	612	88⅞	89⅞	−0⅛	−1.81
Sumitomo Corp 2⅞ 99	5/84	583	78½	79½	−0⅛	8.21
Yamanouchi Pharm'cal 4 98	10/83	1483.2	99¾	100¾	−0½	3.71
Nippon Oil Co 2⅝ 92 SF	3/84	1052	†103	103¾	+0¾	10.89
Nippon Shinpan Co 2 92 SF	3/84	801	†91¼	91½	−0¾	26.69
Sanyo Paper 2¼ 92 SF	4/84	877	†145½	145¾	+6½	−0.12
Asics 5 92 DM	12/83	520	103⅞	104⅞	0	22.46
Sun Realty 8¾ 92 DM	2/83	366	150⅞	151⅞	+2½	−4.75

* No information available–previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

WEEKLY U.S. BOND YIELDS (%)

	Sept 12	Sept 5	1984 High	1984 Low
Composite Corp. AA	12.93	13.30	14.22	12.19
Government:				
Long-term	12.30	12.72	13.90	11.51
Intermediate	12.56	12.94	13.79	11.33
Short-term	12.14	12.48	13.22	10.70
Municipal	n.a.	10.32	11.14	9.46
Industrials AAA	12.30	12.67	13.66	11.79
Industrials AA	12.83	13.21	14.13	12.02
Utilities AA	13.04	13.40	14.45	12.33
Preferred Stocks	11.70	11.71	12.17	11.07

Source: Standard & Poor's